

EPTI 11.

Vol. CC. NO. 6158, 59, 60



JL
Xm 56, N43
N61.200.58
41

SEPTEMBER 2, 1961

FOUNDED 1843

One Shilling and Sixpence

TUC

**Portsmouth's
Headless Monster**

page 850

BERLIN

Diplomacy

page 849

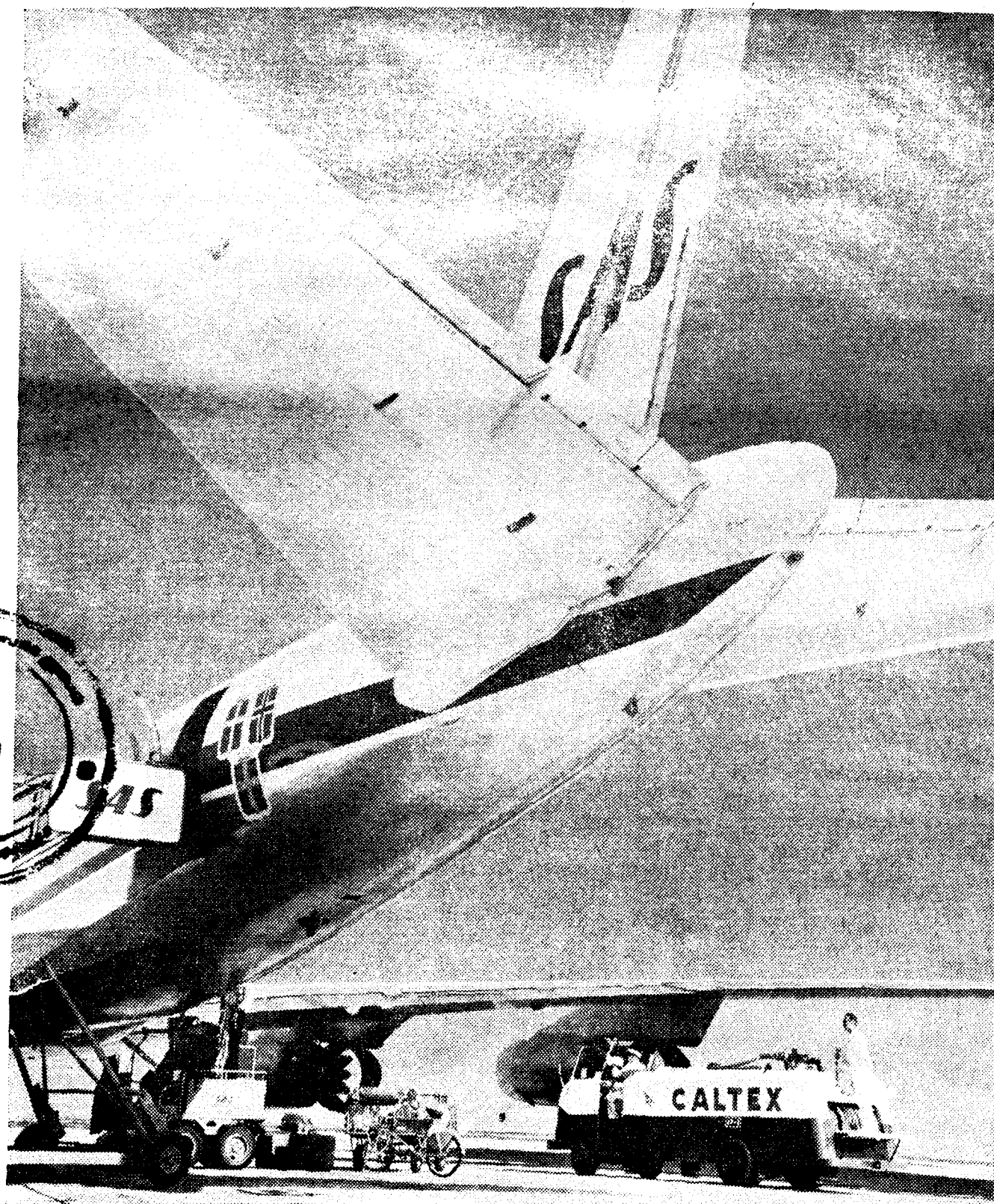
Fact

page 883

BRAZIL'S PUNCTURE

TWO ENGLANDS ON THE COSTA BRAVA

ALGERIA GOES MILITANT



KASTRUP AIRPORT, COPENHAGEN

CALTEX...
SERVING THE PETROLEUM NEEDS OF
MORE THAN 70 COUNTRIES IN EUROPE,
ASIA, AFRICA AND AUSTRALASIA



In The Economist this Week

September 2, 1961

INTERNATIONAL

B is for Black...

... like the Berlin outlook. The allies seem to be getting little nearer to negotiation with Russia over this crisis, but it is nearly certain that without negotiation things will get even worse (p. 849). Meanwhile, in the divided city itself, it seems clear that Berlin is now, or will shortly be, at Herr Ulbricht's undependable mercy (p. 883).

The Soviet decision to resume **Bomb** tests does nothing to brighten the scene (p. 855). US reservists and conscripts are being called to the colours (p. 879).

Senhor Quadros's resignation from the presidency of **Brazil** threatens not only the order of life there, but also the chances of achieving economic and social progress democratically throughout Latin America (p. 852).

C for Colonial Troubles

... still the problem in **Algeria**, whose government-in-exile has just been reshuffled in order to stiffen its attitude to the French and negotiation (p. 851).

... and in the **Rhodesias**. In the North, disturbances are sure to increase in default of concessions by the British Government to Mr Kaunda (p. 884); while in the South Sir Edgar Whitehead has given intimations of a cautious programme for African advancement (p. 887).

... and in **Portuguese Africa**, where Dr Salazar would like it to be thought that he has embarked on a programme for African advancement (p. 857).

... the verdict of the United Nations on France's conduct in **Tunisia**: a verdict the French must have foreseen and should have forestalled (p. 856).

N for Neutrals

The non-aligned rulers who are meeting at **Belgrade** had taken every care that their conference should be smooth and successful; but the Soviet decision to resume nuclear tests confronts them with an unexpected test (p. 855).

Among the non-aligned:—

India's unique standing is gratifying but somewhat burdensome to a big country with big problems (p. 855).

Cypriot prospects are not unhelpful, if the new republic can secure the respect of its citizens (p. 853).

L for Land

Mr Khrushchev can rejoice. Russia may have a bumper harvest ahead (p. 859).

Persia and Iraq are preoccupied with their land reform programmes (p. 887).

OK for USA

The American economy has recovered more quickly than was expected, so quickly that an explosive boom may not be far off (p. 873) unless there is a strike in the motor industry (p. 877).

Racial integration in southern schools is still a slow process, but massive resistance to it is collapsing gradually (p. 877).

But—President Kennedy has suffered two serious defeats in Congress this week—on long-term loans for under-developed areas and on federal aid for schools (p. 874).

AN for Other...

Spain: Britain has exported its caste-consciousness to the Costa Brava (p. 882).

Kuwait: The Arab League is doing its best not to fluff the operation of replacing British troops in the sheikdom (p. 856).

Poland: Cardinal Wyszynski has a revived conflict with the communist state on his hands (p. 859).

HOME

Conservation of Energy

The Trades Union Congress at Portsmouth next week is likely to produce a superficial unity in condemnation of the Chancellor's pause; and to cover up disunity about other problems (apart from the ETU) by doing nothing about them (p. 850).

Who holds sterling? A new analysis and some conclusions (p. 889).

Atmospheric Pressure

The aircraft industry suffers from a rarification of managerial talent: the vacuum is all too often filled with the inert gas of retired air marshals (p. 891).

American plans to girdle the earth with a belt of copper needles in space have met with stiff opposition from astronomers and others and raise in addition a nice question of legality (p. 859).

Surface Tension

The *nostalgie de la boue* said to afflict new town residents should

not be pandered to by artificial crowding: other factors than density are of more importance, if less simple of solution (p. 869).

The gulf between good British traffic engineering ideas and their miserly application may be narrowed by training; but belief in the ideas is the first essential step (p. 902). A possible failure in execution may well be the Tyne tunnel, a good idea delayed too long (p. 858).

The Republic of Ireland continues to lose people, despite a rising national income (p. 858).

The price of gold is moving in response to international tensions (p. 893).

Coefficient of Friction

Prison population is rising steadily, and with it overcrowding; and there is a disturbing fall in the rate of successful rehabilitations by borstal training (p. 856).

Much heat is being generated about high freight rates for Northern Irish goods: they are being over-blamed for industrial stagnation and unemployment (p. 870).

Detailed contents on page 849



THE GLOW OF THE GOLDEN SIXTIES

THE promise of the sixties is a challenge to the imagination. How will the people benefit from the marvelous advances that are foreseeable? How will closer economic ties and freer trade bring prosperity and higher standards of living?

One thing is certain. Steel will continue to play an increasingly more important role in the progress of mankind. The requirements in steel will grow at an astonishing rate, and FUJI is fully prepared to meet this unprecedented challenge.

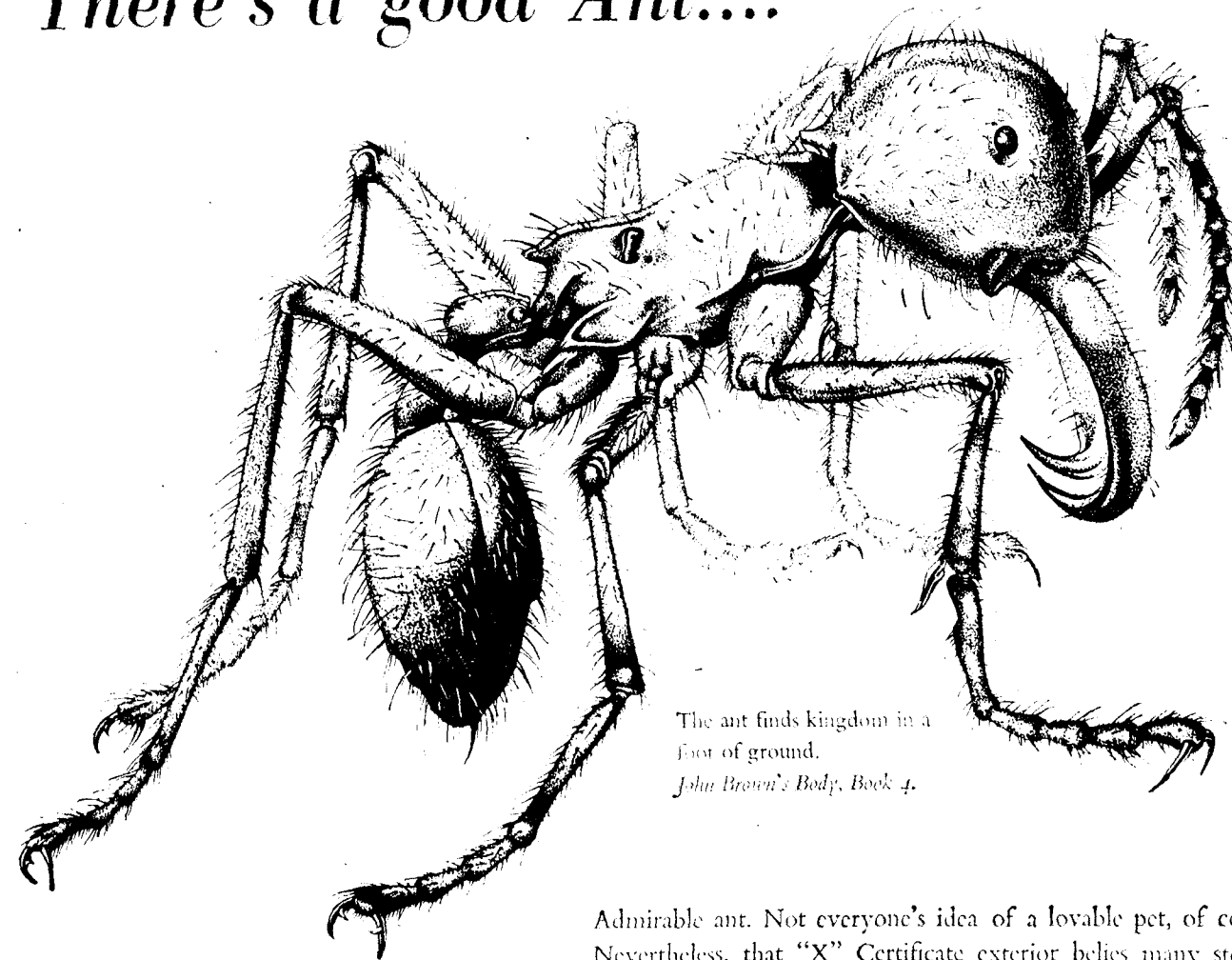
You can always trust a steel product... if it has 

FUJI IRON & STEEL CO., LTD.

Head Office: Nihonbashi, Tokyo Japan Cable: STEELFUJI TOKYO	New York Office: 80 Pine Street New York 5, N.Y., U.S.A.	European Office: Grat-Adolf Str. 86/88 Duesseldorf Germany
--	---	---

TRADE MARK

There's a good Ant....



The ant finds kingdom in a foot of ground.
John Brown's Body, Book 4.

Admirable ant. Not everyone's idea of a lovable pet, of course. Nevertheless, that "X" Certificate exterior belies many sterling qualities dear to the hearts of industrialists. The ant has guts; the ant has a justifiably majestic confidence in his own toughness. Above all, the ant has a keen sense of order, economy and industry. He works like mad as though he loves it – and uses space as if space did not exist. These are the qualities of "Mechanised Muscle" – the ants of modern industry – which save millions of pounds annually in space, time and effort. Is your company utilising existing storage space to fullest advantage? Let us check for you, free of charge or commitment.



Lansing Bagnall

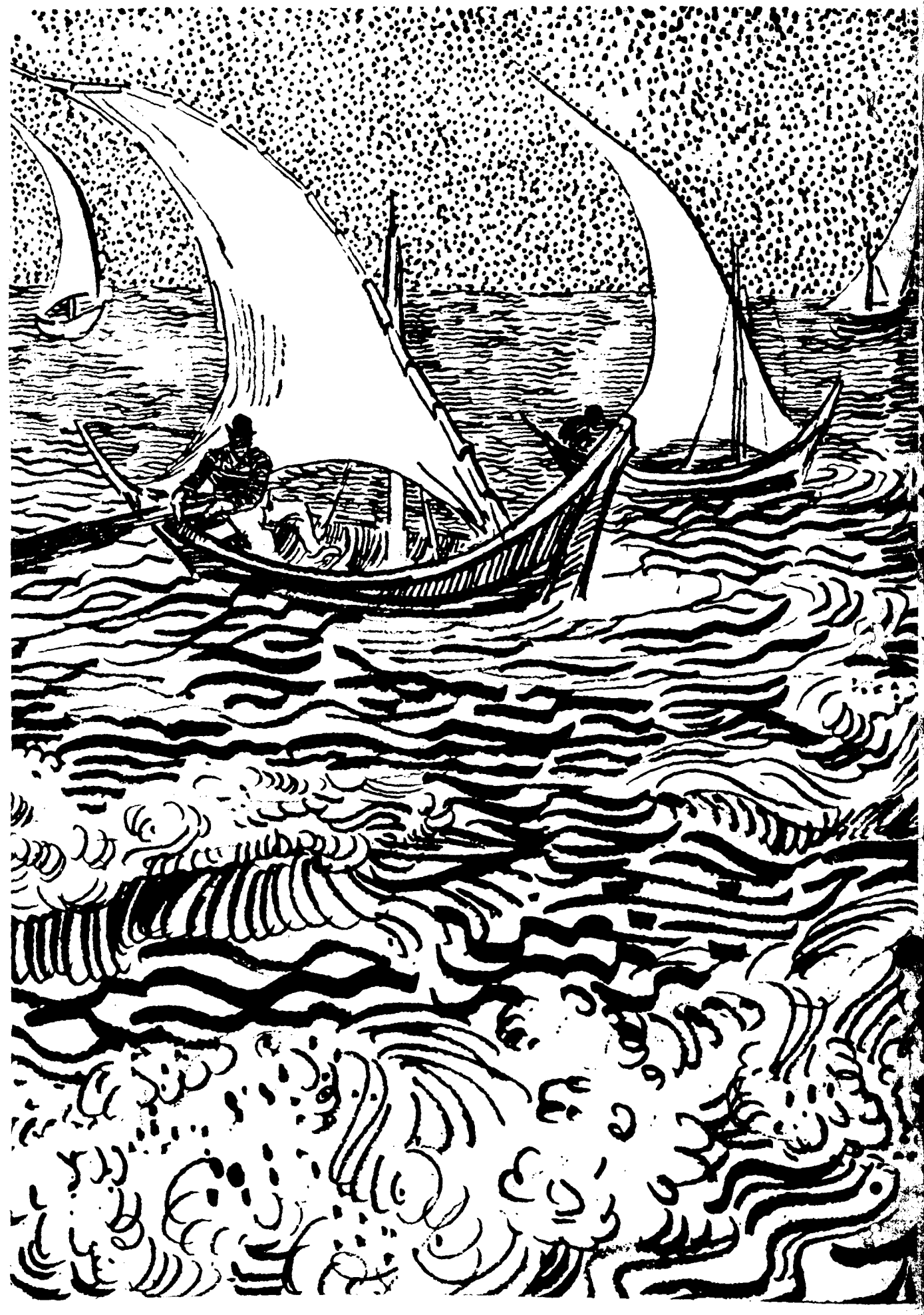
SPACEMAKERS TO WORLD INDUSTRY

LANSING BAGNALL LIMITED
REACH TRUCKS, FORK TRUCKS, PALLET & STILLAGE
TRUCKS, INDUSTRIAL TRACTORS.
BASINGSTOKE, HANTS. ENGLAND.

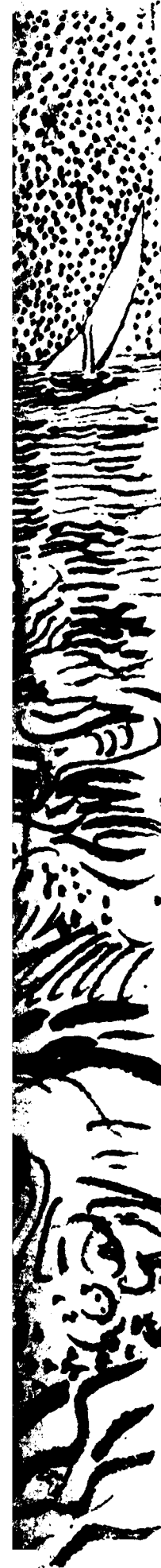
Telephone: Basingstoke 1010. Telegrams: Bagnallie, Basingstoke.
And at: Bristol; Cardiff; Glasgow; Leeds; London; Salisbury; Portsmouth; Warrington;
Paris; Sydney; Toronto; New York; Cleveland; Dallas, Oregon; & Zurich and represented
throughout the world.



**MECHANISED
MUSCLE Regd**



*Detail from
'SEA AT LES SAINTES MARIE'
by Vincent Van Gogh
Les Musée Royaux des Beaux-Arts, Brussels*



At your leisure...

'Variety's the very spice of life.'

It's not always restful just to do nothing.

Someone has said that the formula for complete happiness is to be very busy with the unimportant.

So, people spend their leisure on hobbies—gardening, collecting matchboxes, building unneeded shelves, messing about in boats.

Sailing is a form of leisure and locomotion, which oil has nothing to do with... except when the wind drops.

Think then of all the little outboard motors and inboard diesels that start buzzing and chugging to help you home for tea.

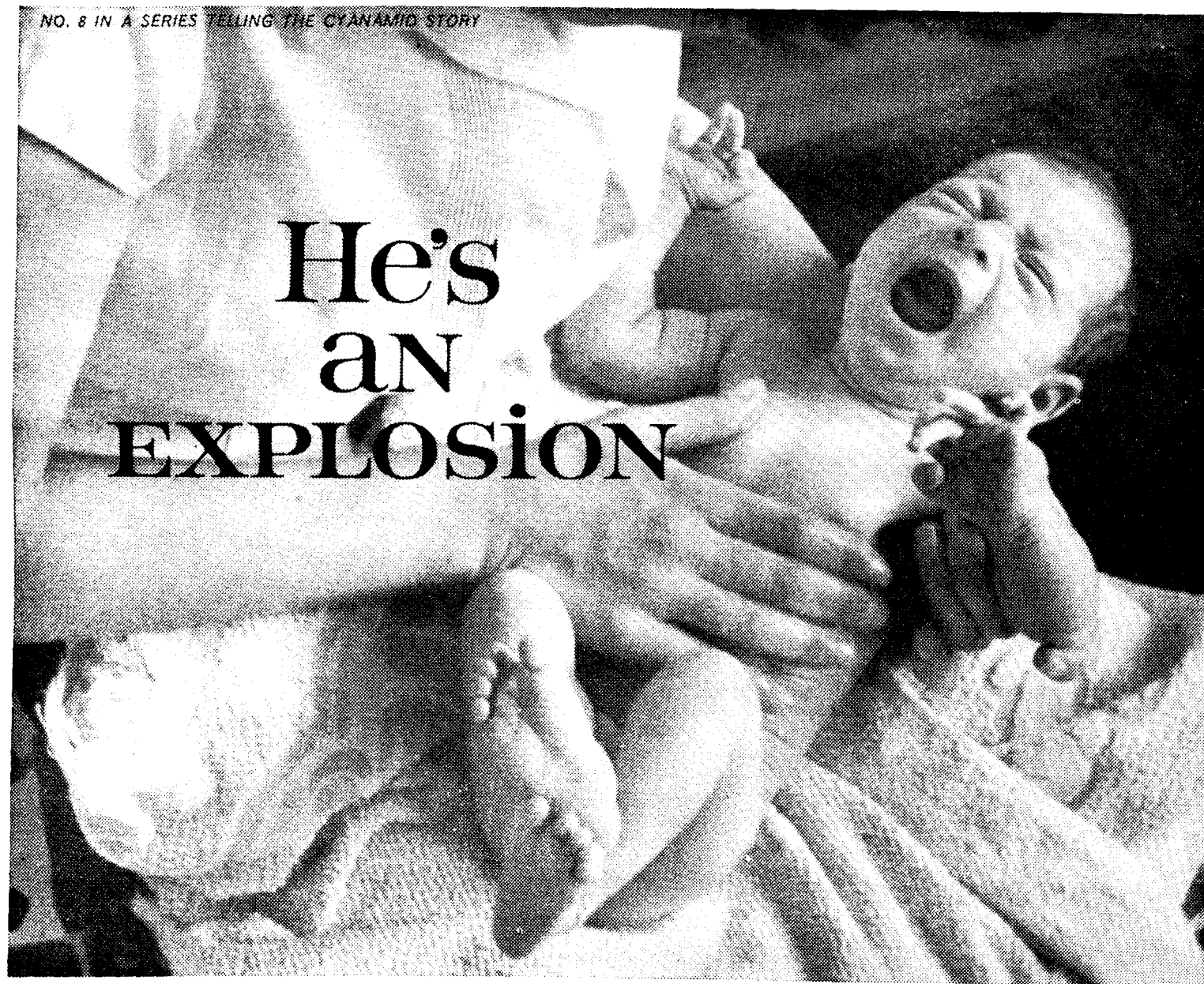
The variety of ways in which oil can help people in their leisure as well as in their work is the spice of our particular lives at Esso.



ESSO PETROLEUM COMPANY, LIMITED • 36 QUEEN ANNE'S GATE • LONDON SW1

Founded in 1888

NO. 8 IN A SERIES TELLING THE CYANAMID STORY



He's an EXPLOSION

His name is going to be Jimmy and in a few years' time his mum will probably agree with our headline. Right now Jimmy is the incarnation of a statistic—a statistic which sociologists call "population explosion": In every 24 hours throughout the world, there are some one hundred and thirty thousand extra mouths to feed—nearly fifty million a year.

It has been calculated that every 100 million added to the world population needs 13 million tons of additional cereals and 14 million tons of animal products. By 1980 we shall have to increase the world cereal production by one-third and double the present production of milk, meat, eggs and fish.

The problem has been described by Dr. Robert White-Stevens, a British-born agricultural scientist and charter member of the Soil Conservation Society of America, as "a desperate race between research and catastrophe (in which) we presently are by no means in the van. Four out of five people in this very day of science and so-called enlightenment die either directly or indirectly from starvation."

Intensive farming aided by Cyanamid research and products is helping food production to keep pace with the population increase. Intensive farming brings the dangers of soil erosion, pests, fungus and livestock diseases that follow in the farmer's footsteps and destroy his work. As long ago as 1947 it was estimated that the losses due to crop pests in these islands accounted for the output of

over 33,000 farms and nullified the work of more than 51,000 men. Even here the loss of crops through pests, diseases and weeds reaches £150 million a year. On livestock O.E.E.C. reported in 1952 "losses caused by livestock diseases in United Kingdom have been conservatively estimated at about £80 million per annum, and the bulk of this loss is believed to be ultimately preventable."

Much remains to be done; tomorrow may be too late. Science has shown how to make deserts bloom, how to grow two blades of grass where one grew before, how to keep pests and plagues at bay. Cyanamid, as one of the world's most advanced chemical and pharmaceutical companies contributes its share. Last year this company invested over £10 million on research. And more than that, Cyanamid scientists and technicians go out into the field—to test, to apply, to help the farmer make best use of safe new chemical tools in his efforts to grow more food and provide better nutrition. Food for Jimmy. For us. For our children and their children.

In this and in a thousand other ways

CYANAMID
SERVES BRITAIN

CYANAMID OF GREAT BRITAIN LTD., BUSH HOUSE, LONDON, W.C.2.

The Economist

SEPTEMBER 2, 1961

Crabwise	849
Portsmouth's Headless Monster	850
Algeria Goes Militant	851
Brazil's Puncture	852
Cypriot Anniversary	853

NOTES OF THE WEEK	855
Nuclear Diplomacy; Belgrade Conference; India; Britain and Europe; Tunisia; Kuwait; Prisons; Trafalgar Square; Portuguese Africa; Kenya; Irish Republic; Tyne Tunnel; Soviet Union; Poland; Space Research; Church Advertising.	

LETTERS	860
----------------------	-----

BOOKS	
Painful Co-existence	863

HOME REPORT	
Communities in the Making	869
Enter Yartoft ?; Freights and Fallacies.	

AMERICAN SURVEY	
Well-Mannered Recovery	873
Half a Loaf for Aid; —Nothing for Schools; Reuther and Romney; Good Sense in the South; More Wages, Fewer Hours; Cautious Call-up; Markets under a Microscope.	

THE WORLD OVERSEAS	
Two Englands on the Costa Brava	882
Berlin Faces Adversity; Question Mark over Northern Rhodesia; Bonn's Street of Power; Congolese Kaleidoscope; Experiment in Central Africa; Essays in Land Reform.	

THE BUSINESS WORLD	
Who Holds Sterling	889
Aviation's Missing Managers	891

BUSINESS NOTES	893
Gold; Exchanges and Bourses; Economic Pointers; Motors; New Issues; Methane in the Market; Local Authorities; Barley; Air Transport; Terms of Trade; Council Investments; Atomic Energy; Equipment Leasing; New Cars; Traffic Engineering; Cotton Textiles; Plastics; Shorter Notes.	

COMPANY AFFAIRS	908
Lombard Banking; Rank Organisation; Powell Duffryn and William Cory; Monsanto Chemicals and Albright and Wilson; C. Townsend Hook; British Match; Furness Withy.	
London and New York Stocks	910
Money and Exchanges	912
UK External Trade	913

Annual Postal Subscription by ordinary mail UK and Canada £4 10s; elsewhere overseas £5; by air see page 915

VOLUME CC - NUMBER 6158

Crabwise

NO one can say with assurance that negotiations will solve the problem of Berlin; Thursday's announcement of the Russian decision to resume nuclear tests casts further doubt on the possibility of rational discussion between East and West. What can be said, however, is that unless there are negotiations, the West will very soon face an even more difficult situation in Berlin than it faces now. The least that is likely to happen is that Mr Khrushchev will sign his separate peace treaty with the east Germans. The allies will thereupon either have to seek guarantees for the freedom of Berlin from Herr Ulbricht, or else be obliged to endure a period of dangerous uncertainty in which their presence in the city will rest on no agreement at all. The worst possibility is that the communists will proceed to interfere with western access to the city; the allies will then be confronted with the choice between surrender and war.

This near certainty that things will get worse if they are left to run makes it difficult to sympathise with the timidity of the allies' current approach to east-west talks. They have now dropped the idea, largely because of French resistance, of sending a written invitation to Russia to sit down at a conference. Instead, they have decided to send Mr Llewellyn Thompson, the American ambassador in Moscow, to "explore" the views of Mr Khrushchev. It is not clear, however, whether Mr Thompson has been empowered actually to propose negotiations; or whether, if he does suggest them and the Russians accept, the French will give their blessing to the idea when the western foreign ministers next meet on September 14th. It looks suspiciously as if the fundamental decision has been put off for at least another fortnight.

This crab-like approach might still, in the end, result in negotiations. But, even if it does, there is no indication that the allies have worked out what they are prepared to offer Mr Khrushchev in return for a communist guarantee of Berlin's freedom, if they can still get one. Reports from Washington suggest that the United States is still reluctant to offer any kind of recognition to the east German government, even *de facto*. Nor is it clear whether the Americans, whose decision in these matters carries most weight among the allies, are ready to modify the western position in Berlin in a way that might remove some of the present causes of communist irritation without removing the West's ability to protect the city against absorption by Herr Ulbricht. The result is that the Americans, although they are ready to talk the matter over with the Russians, seem to doubt whether the talking will do any good: a mood reflected, from a different quarter, in the report by our special correspondent in Berlin on page 883.

Obviously, negotiations will not be easy. But, now that President Kennedy has made up his mind in favour of an east-west meeting, he should also take two other decisions. The first is that there are limits to the extent to which the United States can be diverted from the course it wishes to follow by the opposition of one ally—at the moment, France. If necessary, methods are available by which the east-west conversation can be resumed between the United States and Russia alone; and why not? The second decision is that the West's interest in Berlin is not to harass the east German regime, but to preserve and protect west Berlin until such time as the city can resume its all-German function. Ideas of using Berlin as a weapon to weaken, expose, or humiliate the communist system in eastern Europe have already distracted too much attention from this more modest, but far more useful, objective.

Portsmouth's Headless Monster

FOR the Trades Union Congress, 1961 is scheduled to be the year of the expulsion of the Electrical Trades Union. The thousand-odd delegates will be asked, as proceedings open at Portsmouth next Monday, to make this formal sacrifice in the name of their movement's good reputation; to the accompaniment of some loudly expressed protests and many genuinely felt regrets, they will do the deed. Such an exercise of real power—and such a break with the sacred tradition of solidarity—will be a strenuous enough event in itself for the TUC. The congress is then likely to relapse into the easiest form of torpor, and demonstrate a factitious unity by shouting unanimously for more pay.

To find a happy unity in opposition to the Chancellor will no doubt help the delegates to forget for the time being the embarrassments both of the ETU affair and of the period immediately ahead. It will also be supposed to help the leaders to unite behind them the vocal left-wingers who are so eager to proclaim that the ETU is being victimised for its leaders' communist sympathies; it is no accident that, of the union leaders who have published angry denunciations of the Chancellor, the non-communist Mr Byrne of the ETU has spoken with the loudest. But such an unthinking honeymoon will be irrelevant in every way. First, the decisions of the TUC have no effect at all on wage claims, which are the business of the individual unions and their various *ad hoc* alliances in different industries. Secondly, even the claims that groups of workers—the engineers, the railwaymen, the London busmen—have made, or are shortly to make, depend for their progress far more on tactics than on grand strategy. The railwaymen, for instance, have to decide whether to hustle their claim through the negotiating procedure and be ready for a show-down around Christmas time; or whether to let the solemn round of proposals and counter-proposals take its course, in the hope that by the time a climax is reached in March the Chancellor's "pause" may have melted away. At the moment it looks as if the railwaymen will opt for delay; it looks, too, as if Mr Cousins's action in hastily tabling yet another wage claim for his London busmen is designed merely to enable him to call any bus strike at the same time as any stoppage on the underground railways; one does not believe that he (any more than the engineers) is eager to give a lead by being the first to strike this time. But these are matters that will be debated in the executives of the different unions during the next few months. For TUC delegates to achieve the appearance of unity by displaying a wordy militance at Portsmouth will not have the least effect on events.

Such a display at Portsmouth could, however, have the soporific result of leading the delegates to forget the real problems that lie toughly on their plates. Unfortunately, the first of these is traditionally regarded as quite unsuitable for discussion in the emotional atmosphere of congress: it is the question of the real function of the TUC during the 51 weeks when it is not a licensed talking-shop. At present its employees carry out a certain amount of research, the results of which may or may not be useful to the constituent unions; it provides educational courses (and is this year trying to remodel its educational arrangements); it channels some money and help to unions abroad, especially in the developing

Commonwealth, but so far in a way that has failed to gain it any real influence there. Once a month the general council meets and discusses the main questions of the day: an occasional dignified deputation to a Minister (and, during Mr Ted Hill's tenure of office, an occasional less dignified speech by the chairman) are the chief apparent activities between congresses. So jealous are the individual unions of their autonomy that nothing more ambitious is considered possible for the organisation that, ideally, should embody their collective power and wisdom.

For the rest, the TUC has a fine new building, an energetic new general secretary, a considerable (if still inadequate) revenue, and a traditional *entrée* to Downing Street to make its views known there. But one cannot recall a single instance in the last decade when it has used this *entrée* to make itself a pressure group for any remotely imaginative or even relevant new departures of policy. The general council has regarded itself as an executive, not as a body of leaders. Its published documents give the impression that they have been designed to ensure the maximum number of signatures at the bottom of a piece of paper—surely the most effective way ever devised of preventing hard thinking. Having never tried to exert leadership, the general council rather prides itself on the fact that it has not looked quite so fratricidal a body as, say, Labour's national executive has sometimes done. But this is because there never is much sign of opposition when there is also no semblance of government. If they are ever to set up in business as an effective general staff for the trade union movement, the general councillors will have to demean themselves to the making of nice calculations about the probable fall of the block votes; they will have to play politics among themselves; and they will not like it. But this is the only way in which the trade union movement can be given the lead which it so sorely needs.

THE question that the top union leaders should be asking themselves at Portsmouth, in the intervals of their ritual denunciations of Mr Lloyd and their sorties against German troops in Wales, is how they can set about endowing their movement with an effective leadership. The first need must be to strengthen the prestige of the Congress House bureaucracy, which would have so large a part to play in carrying out such a design. Perhaps the most useful of all the jobs that the TUC staff could do would be to set about educating their own masters. To organise courses for shop stewards, or to pay for terms at Oxford for bright young union officials, is a most useful activity; but it often seems that enlightenment is most sorely needed at the very top of the trade union ladder.

Overworked, uninstructed and underpaid, many union leaders have simply never thought out how they might serve their members in ways other than asking for more pay. Pensions, incentive payments, paid holidays or seniority bonuses play an extraordinarily small part in the deals made by most British union negotiators. The unions' own demarcation disputes cost workers hundreds of thousands of pounds in wages a year, but everybody at the TUC turns a pretty blind eye to this problem. At a time when car manufacturers,

textile mills and (in Portsmouth itself) aircraft firms are announcing that they will have to lay men off, it is remarkable that a body like the Amalgamated Engineering Union should have no policy at all for handling sackings and severance pay and helping members to find new jobs.

This last, surely, is just the kind of topic on which a study by the TUC's research staff of practice abroad could be of great use—and there are many such. The TUC need not make itself unpopular by pointing out the deficiencies of those on whom it depends for support, but by disseminating information and tactful advice on such problems, its staff could build up influence with the unions. The Congress House staff is particularly proud of its pamphlet "The Uses of Radiations in Industry" that it brought out this year. Such publications could surely deal with subjects directly concerned with the job of negotiator and leader of men in industry.

Nor need the provision of such purely technical services interfere with the trade union leaders' favourite occupation of dabbling in Labour politics. On the contrary, it would help in it. One of the most ridiculous paradoxes about Labour's dreary series of policy documents in recent years has been that the dreariest parts of them have been those concerned with problems of trade union organisation and reform; wherever such problems have been touched upon, a drafting group of trade unionists has hastened to insert a phrase, after a semicolon, saying that all such problems must be assumed not to exist. On one industrial topic, it is true, there has this year been a glint of better things. While the Labour party itself has been so dilatory in forming a policy about the European

Algeria Goes Militant

Disillusioned with negotiation, the Algerian rebels have given themselves tough new leaders

WHEN the Algerian nationalists feel the need to take far-reaching decisions, they call a meeting of the National Council of the Algerian Revolution, remove themselves from talkative Tunis to silent Tripoli, and confer in a secrecy that recalls the Kremlin or a conclave of cardinals. Last Sunday the political leaders, guerrillas and civilian organisers who constitute the council emerged from their deliberations and announced a reshuffle of the "provisional government of the Algerian republic" (GPRA). The reshuffle is far-reaching and probably means what it appears, at first sight, to mean: a victory for the advocates of war to the bitter end, and the acceptance of Chinese communist aid without limits.

No other inference can easily be drawn from the replacement of Mr Ferhat Abbas by Mr ben Khedda as head of the GPRA; Mr ben Khedda, formerly minister of social affairs, was dropped from the provisional government eighteen months ago after a similar meeting of the national council, for having, it is thought, opposed negotiations with the French. A few months earlier, he had led the first GPRA mission to Peking, where he had secured Chinese promises—since fulfilled—of arms and technical assistance, including tactical training.

In a movement that is extremist by definition one should

common market, a supplement to the TUC general council's new annual report, which will be debated at the congress next week, comes down decisively in favour of the Government's action in opening negotiations with the Rome treaty countries. But it remains to be seen whether this will be pressed; cynics will say that it would be more in accordance with the TUC's recent traditions if the general council were first to secure acceptance of its report, and then to accept also one of the four motions on the Portsmouth agenda which in effect says precisely the opposite, and so once more face both ways.

The Portsmouth congress, however, will have to be judged not mainly on the outcome of public debates, but on the mood that begins to emerge there among the leaders of the big unions, now that Mr Woodcock is making his first appearance in the general secretary's seat. That he himself recognises the need for a more purposive and effectual leadership for the TUC is not in doubt: his handling of the lamentable business of the ETU has shown that he can be firm. What is still in doubt is his power to carry with him the senior—and in some cases mutually antipathetic—men who make up the general council. The name of the TUC, and of all the unions connected with it, is at present too firmly connected in the public mind with muddle, delay and ineffectualness for improvement to come quickly or easily. But the task of screwing a head back onto the headless monster that the TUC has become must be undertaken quickly, if the leadership of the British trade union movement is to be rescued from its present status of being at worst a national obstruction and at best an international joke.

beware of such a label as "moderate." There is general agreement, however, that it fitted Mr Abbas well, as did the adjective "bourgeois," whether in its traditional or Marxist connotations. Congenial and "Mediterranean," the former head of the GPRA was a standing reassurance to the more prosperous Muslims of Algeria, as well as to the more reasonable and less vocal Europeans, against too sudden or violent a revolutionary break with *l'Algérie de papa*. His name, moreover, came readily to the lips of demonstrating Muslims in the Casbah. Now he has gone, and so has his brother-in-law and fellow moderate, Dr Francis, the finance minister; and the almost unknown Marxist doctrinaire and committeeman who now heads the provisional government will replace them both, for Mr ben Khedda has taken both jobs.

The other changes are more subtle and harder to analyse. Another relatively obscure figure, Mr Saad Dahlab, becomes foreign minister. At 41, he is the same age as the new prime minister (Mr Abbas and Dr Francis are older). Mr Dahlab, however, is a man of very different stamp: a warm and attractive personality, he impressed those who met him during the recent abortive Franco-Algerian talks at Evian and the Chateau de Lugrin with his reasonableness as well as his firmness. And indeed, he played a leading part in these disappointing exchanges.

Mr Dahlab displaces Mr Belkacem Krim, hitherto regarded as the "strong man" of the Algerian revolution. At first sight, this seems to indicate that Mr Krim's power is waning;

but deeper consideration belies this impression. Mr Dahlab, a protégé of Mr Krim's, had been running the foreign ministry as its secretary-general and his promotion is a natural reward for ability. Mr Krim apparently remains responsible for the military direction of the war—the Tripoli announcements said nothing about the supreme war council which he directs; and he takes over the portfolio of the interior, for which his talents are better suited than diplomacy, from another member of the war council, Mr ben Tobbal, who is demoted to minister of state (with four others). Moreover, Mr Krim remains a deputy prime minister, together with the absent leader, Mr ben Bella, still in French hands.

Since it had been assumed in some quarters that the collapse of the peace talks would mean the removal of Mr Krim and Mr Dahlab, the retention of the one and the promotion of the other may be taken as a token of appreciation of their

firmness in resisting the French demand that the Sahara question, and Algerian self-determination, should be treated separately.

As if to underline the point, Mr Dahlab told a Cairo newspaper on Monday that the new GPRA did not object to resuming negotiations with the French, on the basis of French territory and the unity of the Algerian people. In sum, then, the militant new team intends to fight on until it gets the terms it wants: independence for all Algeria, without a special status for Europeans, and with sovereignty over the Sahara. There may be various stages on the way—thus, the French may withdraw to a coastal redoubt, leaving the Arabs to press their remaining claims as a sovereign but unsatisfied government controlling part of Algeria. But, so long as the new team remains in charge, peace will not be bought by anything less than complete French withdrawal.

Brazil's Puncture

President Quadros has taken a cue from Groucho Marx (not Karl); but his sudden exit is a bad joke for the Brazilians



Quadros: Bravado



Lacerda: Pronunciamento



Goulart: Gaucho

PRECISELY one week after the American republics ceremonially launched their Alliance for Progress, Sr Jânio Quadros smashed an exasperated fist through the programme's rose-coloured windows. He resigned on August 25th after half a year as president of Brazil, claiming that he felt himself crushed by the "terrible forces" of reaction. The story of his explosive departure is tangled with personal threads of feuds, ambitions and, possibly, his own ill-health. It has much broader significance. The economic alliance, according to the declaration of Punta del Este, is based on the principle that "free men working through the institution of representative democracy can best satisfy man's aspirations." Sr Quadros, who was one of the very few Latin American leaders energetically trying to put the ideals of the alliance into practice, has made it perfectly plain that he cannot, or will not, work through Brazil's democratic institutions.

If, as may well be, he is gambling on eventually being summoned back to save the country from civil strife, his recall to power would certainly be on less democratic terms. Because of the country's size, enormous potential wealth, cultural impetus, and momentum and energy in development, Brazil's future is bound to have a profound influence on all its neighbours. What happens next may provide an answer of sorts to the question that underlies all serious discussion on social reform in Latin America; can the present political structures be moulded to accommodate fundamental social change, or do the reforms to which men aspire, and democracy as practised in Latin America, confront one another incompatibly? It seems dismally likely that Sr Quadros's decision to throw in his hand will have punctured some of Latin America's chances for democratic, self-generating change.

The Brazilian leader had to battle with a congress whose members are as adept as they are in most Latin American parliaments at finding ways to block legislation that might touch their own or their friends' pockets. He had no political party behind him. But Sr Quadros, who sometimes looks a bit like Groucho Marx, also shows a flash of the master's genius. The civil service was cut down by a new rule that everybody on the payroll should turn up for a full day's work. The rich rather than the poor began to be taxed because the tax collectors, given a cut of what they roped in, found it worth while to go for the larger incomes. Smuggling was checked, and exchange rackets collapsed with the end of the special export rates. The graft that strangles some of the ministries and social security institutions had at least begun to be unwound. Consumer subsidies were reduced, and a plan was introduced to improve the quality of Brazil's coffee exports. An extensive programme for reforming the feudal system of land tenure in the parched and blighted lands of the north-east was in the air. All this, and much more, seems a vigorous enough start for so short a time, and makes nonsense of the president's confessed discouragement. But evidently he had come to find the hounding from the Right, and to a lesser extent from the Left as well, intolerable.

Of all his adversaries, the most ferocious and the most formidable was Sr Carlos Lacerda, the governor of the state of Guanabara, formed out of what had been the federal district when the capital was moved inland. Governor Lacerda is a man of strong personal ambition with a reputation as a breaker of presidents. The exposure of a scandal in a Rio newspaper, controlled by Sr Lacerda, is commonly believed to have led to the suicide of President Vargas seven years

ago. President Kubitschek managed to survive his virulent opposition. Sr Lacerda's friendship for President Quadros, once seemingly warm, froze to the point of publicly accusing the president of scheming to send congress into recess and to govern by decree (an accusation which many European rulers have borne with equanimity). That Sr Quadros was angling to increase his freedom of action seems undeniable; in other circumstances such an idea might even have had Sr Lacerda's support.

The governor's second line of attack was the president's contacts with the communist world and, in particular, his championship of Cuba. Brazil's shuffle towards a neutral foreign policy was signposted by economic good sense, but has sometimes been sent stumbling by Sr Quadros's own brand of political bravado. The barter agreements with the Soviet Union and eastern Europe are evidence of a sensible trading policy to which nobody, including the United States, now takes real objection. This flicker of so-called neutralism has not prevented Sr Quadros from raising \$200 million in new or extended credits, mainly from the United States, or from making conditions for private investment easier and more tempting. The president's commitment to support China's application for a seat in the United Nations was, from the American point of view, treading closer to forbidden ground. His belief that Cuba should, in friendly fashion, be steered away from its direct dependence on the Soviet Union to a respectable place among the uncommitted is, except to fanatics or Cuban exiles, unexceptionable. On the other hand, his decision a couple of weeks ago to decorate Major Guevara with a high award was a characteristic piece of bravado, on a par with his off-hand treatment of certain western statesmen. For some members of Brazil's armed services, as well as for the watchful Sr Lacerda, it may have been a straw too many.

As Sr Quadros travels by boat to England, probably with the intention of once again seeking treatment for his eyes, the dilemma in which he has left his right-wing assailants may give him a Marxian pleasure. (The reference is to Groucho, not Karl.) In an atmosphere marked by tension, bewilderment and press censorship, Brazil's military leaders are looking for a way of changing the constitution in order to prevent the succession of the left-wing vice-president, João Goulart. The typically Brazilian inspiration of allowing Sr Goulart to



Cypriot Anniversary

Having won its independence, the Cyprus Republic is struggling to establish its identity

NOT unconvinced by nature, the Cypriots still did not feel moved to celebrate the first anniversary of their republic, which passed them by on August 16th, except in the most official and restrained way. This may be sad, but it is not surprising. Unlike most of the new countries born in recent years, the Cyprus republic was unwanted by many of those who belong to it, and it has not yet acquired enough of a personality to inspire

assume office but taking all his powers away, thought up by a congressional committee, is worthy of Groucho himself. It is unlikely to appeal to the vice-president, who, hurrying back from the Far East where he had been thoughtfully dispatched by Sr Quadros, is now hovering just outside Brazil. Sr Quadros and Sr Goulart were on opposite sides at the election, and their relations since have not been happy for either.

Sr Goulart is an heir of the Vargas regime, and like the strong man himself comes from the cattle country of Rio Grande do Sul. He is strongly supported in his own state and among the trade unions, in whose interests he laboured throughout the Kubitschek administration, notwithstanding the respectable personal fortune that he amassed. He has shown that he would go further and faster than Sr Quadros in his relations with the communist world; on the other hand, he has not so far evinced much imagination or courage in his attitude to basic social reforms, and his labours have been on behalf of the urban worker only.

The army, which traditionally has been at odds with the navy and air force, is now threatened by a mutiny from its own forces in Rio Grande do Sul state; their leaders support Sr Goulart. Three generals were dismissed on Wednesday. The service chiefs are handling a gigantic and sizzling firework. Without a sense of national purposes, the Estados Unidos do Brasil is bound to be in danger of exploding into striving fragments. Neither the trade unions nor the cowboys of Rio Grande do Sul are likely to accept quietly the stampeding of Sr Goulart's constitutional rights. The peasant leagues in the north-east might have put their trust in Sr Quadros; now there is one force less to stand against their control by the communists. The federal army, if it manages to keep together, is strong enough to suppress local revolts, but at the cost of interrupting any serious national progress.

Sr Quadros planned on a lordly scale; his temperamental reluctance to compromise threatens the unfinished achievements of his predecessor and the infancy of his own new order. At best, the next phase cannot be much more than a salvage operation; at worst, it could be a partial wreck. Brazil's revolution of rising expectations has battered itself against the barrier of congress, the inflexible well-off, the ambitious and the opportunists. If, in time to come, Sr Quadros is called back, the revolution may be saved, but, it seems, at the expense of the democratic principles of the all-American alliance.

them, whether Greek or Turk, with loyalty and enthusiasm. But only the more prodigious of infant prodigies can claim a marked personality on their first birthday. It is something to have survived at all.

During its first year, the Cyprus republic has depended very much on the purely negative fact that it would cause too many people too much trouble if the settlement hammered out in Zurich and London were to break down. The Greek and Turkish governments have plenty of other things on their minds, and Cypriot malcontents must know that they cannot

look for support in Athens or Ankara. In any case, at present most Cypriots do not want the settlement to break down, if only because no other peaceful alternative is at present apparent. On this negative basis, Cyprus has at any rate established its identity on the world stage. It has been admitted to the Commonwealth (and relations with the British in the sovereign bases have been far better than anyone dared to hope). It has become a member of the United Nations, has been invited to the neutrals' conference which opened in Belgrade on Friday, and is about to join the World Bank.

All this is fine as far as it goes—provided, however, that the new republic not merely survives, but thrives. This will depend first on whether the two communities can learn to co-operate as Cypriots, and not just co-exist as Greeks and Turks; and, secondly, on whether the government can persuade the ordinary Cypriot that he himself has a real stake in the future of the republic. He is in fact better off than anyone in the eastern Mediterranean, except the Israelis, but this will weigh little with him if, under the new dispensation, jobs become scarcer and his purse emptier.

AN excellent example of co-operation between Greek and Turk has been set right at the top by President Makarios and his Turkish vice-president, Dr Kutchuk; their amity has been marred only by Dr Kutchuk's disapproval of the archbishop's policy of "uncommitted neutrality." Unfortunately, the provisions of the Zurich settlement tend to separate rather than unite the two communities. It may have been essential at the time to spell out the rights and position of the Turkish minority in order to get any settlement at all. But the carrying out of some of these provisions is proving lengthy, difficult and divisive. The detailed arrangements for setting up a separate Turkish municipality in each of the five main towns are still being argued over—not surprisingly, in view of the practical difficulties involved. The provision that 30 per cent of the posts in the civil service must be filled by Turks (18 per cent of the population) bristles with practical difficulties too; it is proving hard to find enough qualified Turks to fill the Turkish quota. Naturally enough, if unreasonably, the Turks are dissatisfied; while the Greeks, although instructed by Archbishop Makarios to do their best to carry out this provision, are irked by it—as it seems to them—illegality.

If, however, one considers how suspicious and divided the two communities were less than two years ago, one may perhaps conclude that their new essay in partnership might have got off to a much worse start; on the whole, both Greeks and Turks have shown a real desire not to rock the boat too violently. Much now depends on the island's economic fortunes, above all on whether the government can arrest the steady post-independence drift towards greater unemployment and under-employment. The five-year development plan

outlined by Archbishop Makarios on August 21st is even more ambitious (and expensive) than the proposals of last year's United Nations mission upon which it is based. Out of a total expenditure of over £62 million, more than £24 million is to be spent on the development of agriculture, in particular of water resources; drought is the Cypriot farmer's most constant and implacable enemy. The archbishop also announced that government land would be distributed to the farmers, and fragmented holdings consolidated. Agriculture is, as the archbishop said, the backbone of the Cypriot economy. If by these and other measures it can be made more prosperous and productive, the economy of the whole island will be put on a much better footing, and a cause of much under-employment will be at least partly removed. Other major items of expenditure announced by Archbishop Makarios were £11 million for harbour development, particularly at Limassol, and £10.5 million for electrification.

The task of raising enough money to carry out the plan is formidable. Archbishop Makarios hopes to finance half of it from foreign, half from internal sources. So far the Cypriots have been rather disappointed in their hopes of foreign financial help; the British have paid up promptly what they had promised (a modestly generous grant of over £5½ million in the first year of independence), but have not been able to oblige with more. The prospects, however, look rosier since the archbishop announced last week that the World Bank was sending a mission to the island in October, and that it was ready to sponsor a consortium (to which the United States and west Germany will almost certainly belong) which would sponsor development projects in Cyprus. Such an international demonstration of willingness to help Cyprus financially should have a steady and beneficial effect on the island's economy. It should stimulate private investment, encourage the repatriation of Cypriot capital from abroad, and help to reconcile people to the temporary austerities that may follow if the government makes the promised effort to lessen the ever-widening gap between imports and exports. All the same, the government has a stiff task ahead of it.

Archbishop Makarios, however, evidently considers that his feet are firmly planted on the ground. He told the Cypriots last week that many of them had expected too much too soon from the new republic and that he could not promise them more than he could perform. He knows perfectly well that broken promises and hope deferred make splendid propaganda material for the Cypriot communists. These, in the past year, have adroitly exploited for their own purposes the underlying dissatisfaction with the Zurich settlement, communal irritations, the latent antagonism over the British bases, and all the discontent created by economic difficulties. A danger does exist that, if the new republic cannot make good in the eyes of its own people within the next few years, the communists may score heavily at the next elections. Archbishop Makarios does not need to be told this. His speech to the House of Representatives shows that after the cautious and circumspect policies quite rightly pursued over the past year, he now intends to move forward in a more positive way. No doubt he will provide the communists with plenty of opportunities for sniping. What can be hoped is that he will also provide the majority of his people, both Greeks and Turks, with a clearer picture of what their new republic has to offer them.

NOTES OF THE WEEK

NUCLEAR DIPLOMACY

Bang

IN deciding to resume nuclear tests, Mr Khrushchev has revealed a major change in the tactics of Russian foreign policy. The deference to world opinion which led Russia (along with the United States and Britain) to suspend these tests in 1958 could not have been more spectacularly abandoned than by making this announcement on the day before the conference of neutral leaders opened in Belgrade, and only three weeks before the General Assembly of the United Nations meets in New York. The point is rubbed home by the emphasis Mr Khrushchev puts on the perfection of "super-powerful nuclear bombs" with yields of up to 100 megatons—which are most likely to be tested in the atmosphere, not underground, and will therefore renew the universally detested fall-out of radioactive matter.

Unless the Russians have already carried out some clandestine tests (a couple of suspicious underground disturbances have been noted inside Russia in the last few days) and are now brazening the matter out before they are accused of cheating, there can be only one explanation for this extraordinary timing. It is fair to assume that Mr Khrushchev, like Mr Kennedy, has long been under pressure from his atomic enthusiasts to let them start exploding again. Perhaps, in giving way to their pressure now, he hopes that his decision will scare the wits out of the West (and everyone else) in the forthcoming test of wills over Berlin.

The United States and Britain can reflect that they were right not to abandon the nuclear test talks in Geneva earlier this summer and resume their own experiments, as many people urged them to. Had they done so, they would have attracted the odium that is now Mr Khrushchev's. But that is the only comforting thought in the matter. The east-west competition in testing will now begin again. More competitors will presumably join in the race; the hope of limiting the number of nuclear powers has had a further, perhaps decisive, setback. Above all, Mr Khrushchev now seems to have concluded that it is more fruitful to intimidate than to reason. This explains his emphasis on testing multi-megaton bombs, the military usefulness of which is only marginal; existing bombs, which can already be delivered with depressing accuracy, are big enough to destroy the biggest target.

There is no need to conclude that Mr Khrushchev has decided these new weapons will have to be used. The tests he is about

to hold may or may not have added to the Soviet armoury by the time the Berlin crisis looks like coming to a head. But, by making this week's announcement, he is plainly giving the attempt to frighten people priority over the attempt to talk to them calmly—even if this loses him popularity in the neutral world. Mr Khrushchev showed in the United Nations last year that he likes to make people jump by banging tables; he is now seeking the same effect by banging warheads.

BELGRADE CONFERENCE

Non-Aligned Rulers

THUS the heads of government of the non-aligned countries, now opening (September 1st) their conference at Belgrade, are face to face with a situation they cannot have bargained for. The road to Belgrade has been paved by a whole series of less exalted consultations, designed to avoid such predicaments. None of the kings, presidents and prime ministers taking part in the Belgrade meeting will have wanted to have to choose between publicly approving of some statement with embarrassing implications, and breaking ranks by refusing to join in a general approval. It will still be astonishing if the final statement of the conference proves to contain anything that could not have been pretty safely deduced from the draft agenda published as early as July.

As regards self-determination, racialism, and the ending of colonialism, the Belgrade governments can hardly speak out any less forcefully than they, with others, have already done in the United Nations Assembly and elsewhere. They are against nuclear tests; they are for general disarmament, peaceful co-existence, and economic arrangements favourable to under-developed nations. In principle, at least, they want United Nations resolutions to be respected; and they would like to enlarge African and Asian representation in various UN organs. In the backwash of the Bizerta affair their strictures on foreign military bases are likely to be strong. But how precise and practical a common denominator will they find if they try to "narrow down the area of block conflicts," the Yugoslav foreign minister's definition of their chief aim?

It is one thing to urge negotiation and compromise; quite another to grapple with the substance of the Berlin conflict, dis-

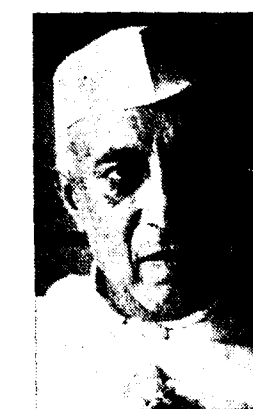
armament, or the problems posed by nuclear weapon tests, and to lean one's whole weight in the direction that the general interest requires. There will be disappointment, but no surprise, if the heads of government assembled in Belgrade opt for discretion and generalities in such burning matters as these.

INDIA

Embarrassed Giant

INDIA's pre-eminence among the Belgrade participants is almost embarrassing. Mr Nehru speaks for as many people as all the other heads of government combined. India is more sophisticated in international life than most of the other states represented at the conference; its support, on any issue, is particularly prized; its voice rings loud. Mr Nehru's *obiter dicta* on the Berlin question have fluttered both American and Soviet doves, though a second reading of what he actually said has brought some reassurance, at least, to the West. In some eyes, he is already cast in the somewhat thankless role of the regulator of the Belgrade conference's brasher impulses.

It should not be forgotten that India is also one of the few countries taking part in the conference whose governments are exposed to the criticisms of an unfettered press and parliamentary opposition. One form that criticism has lately been taking is a quite natural doubt about the wisdom of India allowing itself to be drawn into so many international issues. India has come to play a key part in the UN operation in the Congo; its involvement in Laos is far from



an end; it is almost automatically co-opted to membership of any new international team created for any purpose. The shouldering of these loads is not made easier by the domestic agitations that still plague Indian life. The country's linguistic and religious diversity makes endless opportunities for splinter groups, and recurring trouble for the central government. On top of the recent language conflict in Assam, there has now come Master Tara Singh's most determined bid yet for a new division of the Punjab. The Sikh community is by no means solidly behind "Masterji" in his demands, though his unadmitted aim is clearly to carve off a new state dominated by Sikhs.

RETAIL BUSINESS SURVEYS

Prepared jointly by The Economist Intelligence Unit Ltd. and Mass-Observation Ltd.

SELF SERVICE

This is the second of a series of quarterly surveys for 'Retail Business' details from:

The Economist Intelligence Unit Ltd.,
5, Bury Street, St. James's, S.W.1.
WHITEHALL 0353 Ext. 115

and the political fast is by now a weapon blunted by indiscriminate use. But it was an additional complication for Mr Nehru to have to leave while the Akali leader lay near to a self-inflicted death in the Golden Temple at Amritsar.

BRITAIN AND EUROPE

Who Pays for Food?

THE airways have been full in the last three weeks of more-or-less unofficial emissaries from various interests in the Commonwealth, making the grand tour of Europe to report on whether success is likely to attend Britain's negotiations with the common market. The general consensus of opinion seems to be that success is about 80 per cent likely; but some of the "possible terms" that are beginning to be discussed look much more satisfying to Commonwealth interests than they would do to Britain's negotiators. This is especially true of suggestions that Britain's entry into the EEC might be met by the formation of some sort of Commonwealth agricultural exporting cartel.

The white dominions' most basic economic interest in the whole common market wrangle is that they should continue to be able to sell their agricultural products in Britain. Continental Europe's main agricultural requirement is that food prices in Britain should go up, so that continental countries may have some chance of selling their own higher cost products here. As far as sales of British farm products on the British market are concerned, the implications of this price mark-up have been accepted by Whitehall: they would mean that the British farmer would henceforth be subsidised by the consumer instead of by the taxpayer. But as far as imports of things like New Zealand butter are concerned, Britain's idea has presumably been that it should continue to buy this from the New Zealanders at their cheap and economic price; and then "level up" the price of that butter in British shops to the standard European price by imposing the import levies suggested by the Treaty of Rome.

Now, almost inevitably, a new idea is creeping in. Europe, it is said, might agree to Britain continuing to buy agricultural products from the Commonwealth in fair amounts, perhaps even to allowing such amounts to be specified in long-term contracts. These amounts would not be as large as those that the Commonwealth countries have been shipping here hitherto, but they would be sold in British shops at higher prices. If Australia, New Zealand, Canada and others got together in an export cartel, they might therefore be in a good position to screw up their selling prices to Britain; to divert into their own pockets money that would otherwise be taken by import levies; and to make a very good thing out of the com-

NOTES OF THE WEEK

mon market by getting just as big a food cheque from Britain, albeit for smaller total sales. Britain's objection to this is obvious: under certain rather gloomy assumptions, if an export cartel managed to push up all Britain's buying prices for overseas food to a level in line with European target prices, the effect could theoretically be to raise Britain's import bill by £300 million or £400 million a year.

Clearly, Britain would not wear this system in full: but one suspects that, as the common market negotiations proceed, quite a lot more is going to be heard about arguments started up by this line of thinking. On the one hand, it would offer a way of escape from the threatened political clash between Britain and the Commonwealth; on the other, it would raise economic implications for Britain that most definitely need to be watched.

TUNISIA

Waste of Friends

BY spurning the General Assembly's debate on Bizerta, the French government gave Tunisia a walk-over, and was painfully walked upon. The United Nations, scorned, can generate a feminine fury. By a late night count on August 25th Tunisia's case was won by 66 votes and not a dissenting whisper. The thirty abstentions, which included Britain and the United States, expressed a refusal to be associated with the wording of the Afro-Asian resolution, not with its meaning. The substance, the call for negotiations to bring about the withdrawal of French forces from Tunisia, was accepted almost universally. France lost some loving friends: clearly hating what they had to do, four Nato partners and eleven African protégés registered their critical votes. But what could have been expected when French delegates had formal instructions not only to keep away but to say nothing, even privately, even to their nearest friends?

General de Gaulle would have it that this showdown is of no account. The wiser way may be to allow him a cherished illusion. President Bourguiba has secured such a vote of international confidence that he can afford to meet the general in an international no-man's-land. This is now what is needed: an unrecriminatory interlude, divorced from the shadow of last week's General Assembly and that of its regular 16th session, looming up on September 19th. With that session hovers the threat that, if France makes no move, the issue will come up again for an even more damaging debate. The arguments are strong for an early attempt to negotiate, perhaps in two stages. The first would be for retirement to starting positions at Bizerta; the second would envisage France's complete withdrawal from Tunisia. The problem is to satisfy Mr Bourguiba that this withdrawal really will be the outcome if meanwhile he guarantees,

THE ECONOMIST SEPTEMBER 2, 1961

not necessarily for ever, the lines of communication between one French enclave and another, thus permitting the French troops to retire to their positions of July 18th. Negotiating now from new strength, he could perhaps take some chances.

KUWAIT

Slow Motion

IT would little have been thought in July, when British troops pounded to Kuwait, that now, less than two months later, Britain would be straining to get out and urging the Arabs to come in. Yet thus has the picture changed. Britain needs more soldiers on the Rhine and can no longer easily spare its 2,500 in Kuwait. The promised joint Arab replacements—envisaged as 3,000 strong—are awaited impatiently.

But the Arab states attach more importance to not fumbling their operation than to making a punctual appearance. For lack of experience and of ready-made machinery, their preparations may look slow. The Arab League mission that has been touring the Arab capitals to obtain contributions to the force has met some resistance from governments who fear lest their soldiers should actually clash with the Iraqis. That the joint Arab force is designed to prevent armed clashes is an idea that seeps in slowly. So is the notion of working in unison. Up to now the assenting governments, apart from the United Arab Republic, appear to be the Sudan, Jordan, Tunisia (if not too preoccupied) and, naturally, Saudi Arabia. Cairo could send troops tomorrow but considers, with genuine principle, that the first contingents should be formed by at least three countries—thus symbolising Arab unity from the start.

PRISONS

Higher and Higher

THE report of the prison commissioners for 1960 (Cmnd. 1467, 9s. 6d.) opens with the familiar and depressing statistics of a bigger than ever prison and borstal population (over 28,500 by mid-1961 with, at the end of 1960, over 7,000 men sleeping three in a cell); an inadequate staff to cope with them (the net gain in established men officers in the year was only 11); and the usual waste of resources on untried prisoners (27,824 untried prisoners altogether were received during 1960, and about 40 per cent of them were not subsequently sent to prison on conviction).

Of these totals, women account for only a tiny proportion. But in one field they are presenting the prison authorities with a small, but growing and difficult, problem.

THE ECONOMIST SEPTEMBER 2, 1961

During 1960, the report points out, the effects of the Street Offences Act became more obvious; 382 women were committed to Holloway last year under this Act, compared with 98 under the old legislation in the seven and a half months of 1959 before the new Act came into force. In prison these women are uncooperative, are reluctant to work, and any efforts at rehabilitating them are virtually useless since they fully intend to return to prostitution on their discharge. At the moment a prison sentence for these women is purely custodial—a sort of incident in their career which they may come to accept as philosophically as they accept the periodic payment of a fine. The prison commissioners are considering whether they should be treated as a special group in prison, with a special training devised for them.

The report also comments on the general drop in the success rates, measured by absence of reconviction, achieved by borstal



training for boys. All boys passing through reception centres after being sentenced to borstal are now classified according to prediction tables, drawn up to show whether a boy is a bad risk or not. It does seem, according to the report, that boys received for borstal training are, judged by these tables, a worse risk than those received in 1947. However, boys discharged in 1958 were born during the years 1936-40, and research has suggested that people born in these years (or rather between 1935 and 1942) were 8 to 9 per cent more likely to be convicted of offences than the general average for those born between 1925 and 1949. It may be, therefore, that these two factors—a bad risk group and a "delinquent generation"—are militating against the success of borstal training, rather than that the training itself has deteriorated.

TRAFALGAR SQUARE

Laws of Assembly

SINCE 1844 when the Ministry of Works became responsible for Trafalgar Square, it has usually been made available for any *bona fide* public gathering on Saturday afternoons or all day on Sundays. Now the Minister of Works has refused permission to Lord Russell's civil disobedience

NOTES OF THE WEEK

group to hold a public meeting there on Battle of Britain Sunday (September 17th), because Lord Russell has made it clear that an illegal demonstration in the form of a sit-down in Parliament Square is to follow. The minister's argument is that he cannot be expected to facilitate a declared intention of breaking the law.

Some of the protesters have said that the minister is hereby exceeding his legal rights. This is quite certainly wrong. Rights of assembly in London and elsewhere are not nearly as free as is sometimes supposed. Under the Metropolitan Police Act of 1839 (s.52) the commissioners of police have wide powers to regulate public processions and gatherings in London to avoid obstruction. In 1662 a statute forbade "tumultuous petitioning" of the King or Parliament, which it defined as the presentation of a petition by more than 10 persons. The Seditious Meetings Act of 1817 makes it an offence for more than 50 to meet within a mile of Westminster Hall while parliament is sitting in order to petition crown or parliament for any alteration in Church or State. Since 1936 it has been forbidden to wear any political uniform in public, and the same statute allows the police commissioner to regulate processions and apply to any local authority to have them forbidden altogether. Acts of 1908 and 1936 punish disorderly behaviour at public meetings. Under the Riot Act of 1714, twelve or more persons at an unlawful assembly become felons if they do not disperse within one hour of a justice of the peace ordering them to scatter.



"Bloody Sunday," 1887

These statutes apart, it is the common law offence of "unlawful assembly" to gather in numbers of three or more to carry out a purpose which is likely to involve violence or produce in the minds of rational and firm men a reasonable apprehension of violence. Admittedly, to assemble with the mere intention of acting illegally, although not violently, as in Lord Russell's case, does not constitute a misdemeanour (*Field v Receiver of Metropolitan Police* (1907) 2 K.B. 853 (TAC)). Admittedly, too—here the protesters have a point—the closing of Trafalgar Square has in the past increased rather than diminished violence. When the Democratic Federation was turned away from Trafalgar Square by the police in 1886, a mob marched up Pall Mall and broke the windows which were filled by jeering club members. Again on November 17, 1887, "Bloody Sunday," a serious riot ensued when a crowd assembled by the Federation, forbidden the use of the

square, attempted to enter it (with Bernard Shaw and Annie Besant in among them) and were repelled by the police. The following year a working man was actually killed by the police in similar circumstances, and Morris wrote his "Ode to Linnell." Events on September 17th are likely to be less bloodstained.

PORTUGUESE AFRICA

Stitch In Time?

ALTHOUGH it has been stoutly denied, the Portuguese government's new measures for the "overseas provinces," announced on Tuesday, may reasonably be seen as its reaction to the rebellion in Angola and the threat of unrest in Mozambique. The proposed reforms cover a wide field, touching on political, social and economic arrangements; and they are announced in the name of complete equality of race, culture and religion. There will, it is stated, be no discrimination between the citizens of "Portugal"—the metropolitan area and the scattered empire—in any sphere, and it is hoped eventually to set up a Portuguese common market, breaking down the customs barriers between various Portuguese territories.

In concrete terms, these proposals consist of the repeal of the Natives' Statute, under which full Portuguese citizenship was granted only to those few Africans who had certain qualifications; the introduction of some degree of local self-government; the permitting of collective bargaining and collective wage agreements; and the abolition of some vexatious agricultural regulations. There have been hints of more benefits to follow.

These proposals are welcome, as far as they go; but they are to some extent nullified by the plan for encouraging extensive white settlement in Africa with which they are linked. This plan, first mentioned publicly by the minister for the army early in August, seems to have been conceived, at least in part, as a means of reinforcing the counter-terrorist campaign. The phrase "soldier-settler" was used, and the minister for overseas Portugal, when announcing the new programme, expressed the hope that soldiers now fighting in Angola would decide to make their homes there. These statements suggest that the fine words leave Dr Salazar's government as it was—committed to a policy of white supremacy as the only means of maintaining its rule. The insistence on a literacy qualification for the vote, even in a state where the vote counts for so little as it does in Portugal, makes it doubtful how much the abolition of the Natives' Statute will really mean: literacy is rare in Angola. Whether any mere reforms could induce the rebels to lay down their arms at this late date, may, in any case, be doubted.

Sweetness and Light

MR JOMO KENYATTA'S visit to Nairobi on August 25th, his first since his release, was a personal triumph in more senses than one. The welcoming crowds whose enthusiasm thrust aside police barriers and broke railings in efforts to get near the hero were not even the most concrete evidence of his prestige and influence. Attention has fixed, rather, on the agreement he has induced, at last, between the two political parties, the Kenya African Democratic Union and the larger Kenya African National Union. From now on they promise to work together, and with Mr Kenyatta, on a common programme for national independence. The terms of that programme have clearly been designed to reassure the sceptical, and particularly foreign investors, about Kenya's future; and they seem to be having this effect.

The two parties' joint statement seems to have two principal aspects. In the first place, it offers a guarantee that all land titles already existing, "including tribal rights and property rights," will be "respected and safeguarded in the interests of the people of Kenya," and promises fair compensation for land "acquired by any future government for public purposes, e.g. schools, hospitals, etc." Mr Kenyatta's gloss on this was that it proved that independent Kenya would not have a "gangster government."

Secondly, the African leaders agreed on the tactics and timetable they propose to adopt in future. A coalition interim government is to be formed, with apparently something like an equal balance between the parties. The legal disability which at present prevents Mr Kenyatta from joining the legislative council should be lifted. A constitutional conference should be held in September, a general election at some unspecified date, and then, next February, Kenya will become independent. Various other proposals, concerning the Masai and the White Highlands and the coastal strip, were presented, with these, to the Governor on Tuesday, but they, though delicate, are obviously of less importance. The two essentials, which call for an early response from London, are Mr Kenyatta's status and the acceleration of the process of reaching independence.

IRISH REPUBLIC

Peak Emigration

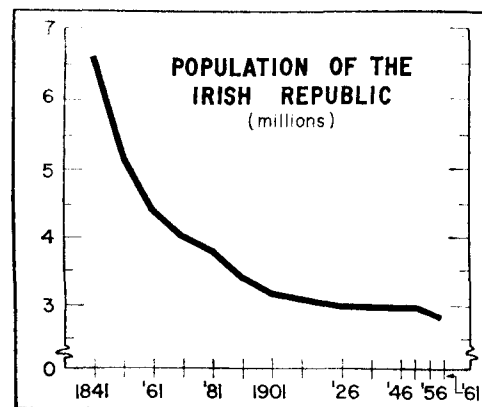
Our correspondent in Dublin writes:

THE results of the census taken last April show that the long decline in the Irish population is in a new and more violent phase. The population of the republic is put at 2,815,000 in 1961, compared with 2,898,000 in 1956 and 2,961,000 in 1951. Thus there has been a fall of 83,000

NOTES OF THE WEEK

in the last five years, although births have exceeded deaths by 132,000 in that period. The estimated net emigration of 215,000 represents the highest rate for many decades.

The decline has been general all over the country. The only increases in population are in the areas around Dublin and some other towns. The decline is patently most severe in the west and north where the average annual rate of net emigration amounts to 18 per 1,000 in Connacht and 21 in the republic's three counties of



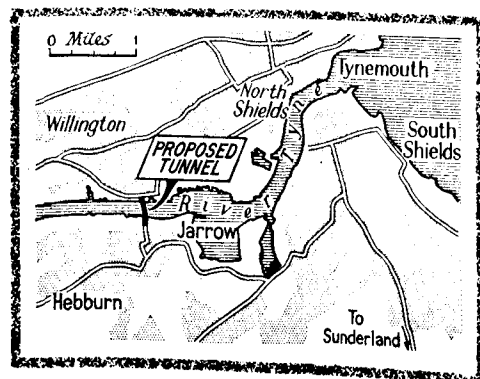
Ulster. This is the area in which, for a half century and more, the loss of population has been heaviest. The root cause seems to be that the system of small farms worked by unpaid family labour has broken down. Since the war, the younger brothers and sisters have discovered the attraction of jobs of their own; and jobs have been very easy to find in England. It is fairly certain that the bulk of the emigration comes from the category known to the census as "farmers' relatives assisting." In addition, the small farm (however worked) has been under severe pressure. It predominates in the least fertile parts of the country, in the west and north. It depends largely on pigs, poultry and eggs—commodities which cannot now be easily or profitably sold in the traditional British market.

It is possible, from one point of view, to regard the emigration figures as no more than the decision to leave infertile lands which have been thickly populated as a result of historical causes. But the real cause for alarm is that unless agriculture is assisted to become more competitive the same pattern will be repeated in the more fertile parts of the country. Population figures are an emotional issue in Ireland, because of the bitter depopulation in the seventy years after the famine of the 1840s. It had been hoped that self-government would reverse this trend, and at first it seemed to be doing so. But now, despite a rising national income, it seems that numbers will continue to decline until the geographical and occupational distribution of population begins to correspond with the realities of the later twentieth century instead of echoing the abnormalities of the early nineteenth. It is only by stepping up very much further its increasing export trade in goods that Ireland can stop exporting people.

Little and Late?

THE award of a £5.4 million main-bore contract for the new Howdon-Jarrow tunnel under the Tyne estuary marks the beginning of an important venture for North-East England—and also the culmination of fifteen years of expensive vacillation. On present estimates the completed scheme will cost £12.5 million, of which the county councils of Durham and Northumberland will find £1 million and the Ministry of Transport grant £3 million and lend another £8.5 million to be repaid out of tolls. The first Tyne Tunnel Act of 1946 envisaged the expenditure of no more than £3.6 million on a comprehensive scheme including both a vehicular tunnel and a smaller tunnel for pedestrians and cycles; but the preparations had hardly begun when one of the postwar capital economy drives forced the postponement of the larger works, although the pedestrians' tunnel continued and was completed in 1951, at a cost of £884,000. The original estimate of £3 million for a vehicular tunnel has thus had to be more than quadrupled in the intervening 14 years, and there is no guarantee that it will not have to be revised again before its completion in 1966.

But one's real fear is that, even now, the project may have been designed too unimaginatively down to its minimum. Its carriageway will have only two traffic lanes with a planned maximum capacity of 20,000



vehicles a day. The assumption is that initial usage will be only 7,000 a day, and full utilisation reached only by 1984. In the Mersey tunnel, it should be noted, traffic is now three times as heavy as was originally forecast; there is a constant tendency to underestimate the extra traffic likely to be generated by a convenient crossing designed, as this Tyne tunnel is, to foster industrial expansion in the bare areas at each of its ends. An important factor is that this tunnel will be the only direct crossing between Newcastle and the sea, and may be expected to attract nearly all the traffic from the two banks of the Tyne for several miles from the coast. It will be a familiar story of planning muddle if this tunnel is saturated almost as soon as it is opened.

All Good Gifts

MR KHRUSHCHEV may well be able to face his party congress next month with good news from the agricultural front. There are indications that this year's grain crop may turn out to be a bumper one. The Soviet leader himself recently declared that "the harvest and procurement of farm products in the current year will apparently be bigger than at any time since the establishment of Soviet power." The fragmentary evidence available so far seems to confirm this prediction.

At the agricultural session of the central committee last January it was estimated that to satisfy the demands of the Soviet economy the output of grain must reach at least 160 million tons and deliveries to the state reach 68 million tons. If these targets were to be attained in the current year, it would be a very considerable achievement. So far, 1958 is the record year, with a grain harvest officially estimated at 141 million tons and deliveries to the state at 57 million tons. Output fell in the next two years and even the official claims put it only at 133 million tons in 1960, with state deliveries at 46.7 million tons. This figure was certainly exaggerated, not only because of the falsifications so bitterly denounced by Mr Khrushchev himself, but also because the state was compelled to return part of the grain to the farmers for seeds.

Two successive bad harvests had their effect on the supplies of meat and dairy produce. There were shortages in Moscow and Leningrad, not merely in the provinces. This was a nasty blow for Mr Khrushchev, who had staked his reputation on increasing agricultural production, and explains his outbursts, earlier this year, against all sorts of "culprits." If the early reports are confirmed, agricultural success will be as sweet for the Soviet leader as continued failure was bitter. But elsewhere in eastern Europe, especially in East Germany, Poland and Czechoslovakia, harvesting has been seriously delayed by bad weather as well as by human failings; the demands on the Soviet output may still be heavy.

POLAND

At the Church Door

BEFORE a large congregation at Czestochowa, Cardinal Wyszynski fired a fresh salvo last Sunday in the running fight between church and state in Poland. He complained among other things of "further" violations of the agreement concluded in 1956. This uneasy compromise, which Mr Gomulka accepted because at the time he badly needed the support of the powerful Catholic Church, has been steadily eroded by the communists. What has probably provoked the cardinal

NOTES OF THE WEEK

just now, apart from some minor pinpricks, is a serious thrust by the communists at the church's right to give religious instruction.

On July 21st the law on school reform came into force, putting a stop to religious instruction being given in schools, a provision foreshadowed by Mr Gomulka in January. In recent years the authorities have, by administrative devices, increasingly hampered religious instruction in schools, so that by now most religious classes are in fact held outside schools in church halls and other ecclesiastical buildings. Cardinal Wyszynski seems to fear that the state will now try to bring this extra-school religious teaching under its control, and whittle it away. The new school law gives the minister of education extremely wide powers of control and supervision over educational activities outside schools. Two other laws introduced in the Sejm in July are clearly intended to deprive the church authorities of the use of a number of buildings in the western territories which before 1945 belonged to the German Catholic and Evangelical churches. One law, which gives the state legal ownership of these properties, was passed. The other, which would have prevented the Church from collecting money to pay the rent which the state authorities have lately been demanding for the use of these premises, was strongly opposed by the tiny Catholic group in the Sejm, and was suddenly withdrawn for re-drafting.

Thus the cardinal has good grounds for his fears. On the other hand the communists are likely to proceed with caution. Lip-service is paid to the Church's religious and moral mission; and the resumption last month, after a long interval, of the meetings

of the church-state mixed commission, suggests that the authorities are anxious to conduct their siege of the Church in a gentlemanly way. Religion is still strong enough in Poland to make a direct assault unattractive.

SPACE RESEARCH

Needling the Astronomers

WITH singularly inept timing, the American administration announced its approval for a controversial project to girdle the earth with a belt of copper needles only a few days before 1,000 of the project's strongest opponents were due to assemble for a meeting of the International Astronomical Union in California. The result was predictable: stiff official protests from learned international bodies who believed that their objections had killed proposals for an earlier experiment called "Project Needles" and were surprised to find it quietly revived under the less explicit name of "West Ford."

The experiment is part of research into space communications. There are two ways of doing this and the best known is by an instrument-carrying "active" satellite that receives signals from earth and relays them down to their destination on the other side of the globe. This system works only while the satellite works and when it is in the right position for the two people sending messages. But for ordinary civil communications it is likely to work very well. It is less attractive for soldiers because satellites can be jammed and

The Economist

AUGUST 31, 1861

THE BLOCKADE

Will the Northern States of America be able effectually to blockade the ports of the South? . . . First. The blockade of an immense extent of coast is a very difficult thing to effect. Under most circumstances it is impossible. . . . Next. The blockade, if it is to be effected, will require a great deal of arrangement and management, and the circumstances of the United States are not, as far as we can see, very favourable to its good management. They are engaged in an exciting and dangerous war by land, close to their capital and seat of Government. Their army has been found to be far less efficient than they had hoped, than almost every one even in Europe expected. They are reorganising that army, and it seems likely that this difficult operation will require many months. . . . Nor are the Northern Americans likely to have an Executive Government especially calculated to surmount unexampled difficulties. . . . The constitution of the Union places at this moment at the head of affairs an unknown, inexperienced, *irremovable* man—a man specially chosen because he was *not* one of the ablest men in the country. . . . Lastly. The maintenance of such a blockade

requires a united people, and in this respect the Northern Americans will hardly be long united, even if they now are so. The Northern manufacturers want cotton as well as we, and they must buy that cotton in Liverpool. Mr Lincoln has just authoritatively proclaimed that they shall have none from the South, for he has interdicted all trade with the "rebel" States. The Northern manufacturers, therefore, are as much interested as we that Liverpool should be well supplied, and, therefore, that there shall be no real blockade. . . . They derive great advantages from being the exchange centre, the trading *entrepot* and manufacturing counterpart of the South. They have derived great profits by aiding the prosperity of the South, and they will lose them if that prosperity should be impaired. It will not only be impaired, but be destroyed by a close blockade during a long war, which would raise the price of cotton in Europe far beyond its usual limits for a protracted period, and would effectually stimulate in other parts of the world equal, if not superior, competitors to the plantations of the South. Can the brokers of New York afford to ruin their *principals*, and will they consent to do so?

could be shot down. This has made them interested in "passive" communications systems which keep all working parts on the ground and bounce signals off a purely passive reflector hanging in space. Such a reflector could be the belt of copper needles, a man-made replica of the atmospheric layers used now to reflect radio waves. The theory has already been proved by bouncing signals off a high balloon released from a satellite. Now the soldiers want a dress rehearsal. Their experiment is not of much interest to the telephone companies backing the "active" satellites for communications because of the huge power required in the ground transmitters.

Astronomers' objections to the experiment are simple and understandable. A good reflector is going to work both ways: if it stops some radio signals from escaping into space, it will also stop radio signals, and probably some light, from penetrating from space to the earth and so harm the work of both optical and the much newer radio astronomers. In practice, it will also poach on the space reserved in the crowded radio spectrum for radio astronomy. The American sponsors of West Ford have tried to reassure the astronomers by saying that the needles will fall to earth in a year or so, and will in any case, for purposes of the experiment, be so thinly distributed that they will not interfere with astronomical work. The astronomers are less sure because, at some of the heights mentioned, the needles would certainly not fall to earth but stay permanently in orbit. A regular military system would also be permanent and thicker than West Ford.

The most serious objection turns, however, not on precisely how much interference West Ford will cause—but on one small group of scientists putting a far larger number all over the world to great inconvenience and perhaps under a permanent disability for all time. This raises interesting questions for space lawyers. Satellites have never caused inconvenience, nor do they stay permanently in position over other countries. Is the United States in fact entitled to try such an experiment without first getting the agreement of all the countries over which this copper umbrella is likely to hang?

CHURCH ADVERTISING

For Mammon Only?

THE storm that has risen over Church sponsoring of an advertising campaign to "sell" religion to the resolutely non-Church-going English population seems a trifle premature. No commitment, official or unofficial, has been entered into by the Church of England authorities. What appears to have happened is that last June a group of religious enthusiasts with advertising connections called together a small

NOTES OF THE WEEK

informal committee to discuss the possibilities of such a campaign. The Bishop Suffragan of Bedford, who happened to be on friendly terms with a member of the committee, agreed to preside temporarily; after discussion, a small sub-committee was appointed to investigate the matter further. Nothing would have been heard of its deliberations for some time had it not been rash enough to issue a statement to the press which by-passed the Church Information Board. The press took it up as a good August story, somewhat exaggerating the stage it had reached in the process. Mr George Goyder, Chairman of the Church Information Committee, then denounced the Bishop of Bedford in somewhat arrogant terms—Bedford may be only a suffragan but after all he is a bishop—and claimed that in condemning the committee's work he was speaking after consultation with the "highest authority." (Mr Goyder did not specify whether this Sibylline phrase meant God, the Queen, or the Archbishop of Canterbury.)

The hysterical outburst against Church use of publicity is hardly justified. The

THE ECONOMIST SEPTEMBER 2, 1961

objection normally advanced against advertising—that it can be used for trivial ends—obviously does not apply here. Of course extensive advertising campaigns, as Moral Rearmings should know, have their drawbacks. One is that they are expensive. The money might be raised from industry but the Church does not wish to appear as the lackey of capitalism (although contributions from industry for the Christian Stewardship campaign have not been spurned). Another difficulty is that England has little experience of religious advertising. Inter-denominational campaigns have taken place in the United States, for which the rather silly and quite unproven claim of raising church attendance by 50 per cent has been advanced. But the only sustained campaign of religious advertising in England has been carried out by the Catholic Inquiry Centre, which sets out to provide information about the Roman Catholic Church; it has received 200,000 queries in seven years. Doubtless the Bishop of Bedford's committee will take this experience into account as it calmly contrives to continue its very worthwhile investigations.

LETTERS

The National Health

SIR—In commenting on our "Genesis of the British National Health Service" you were good enough to say that we have dispelled some myths. But we wish we could have carried you even further with us. You say, we think correctly, that "the British people as a whole would rather have the health service, in its present form, than not have it." But this, we submit, is the beginning and not the end of the argument. When the national health service was launched it was widely said that it would provide free for the whole population the best possible medical and dental services. This was a hoax; the promise was not, and could not be honoured. To say that it was a successful hoax does not take us much further. So we have in the national health service an institution which, it has been said, helps to create inflation; which, as recent reports have made clear, has proved woefully ineffective at a number of important points and which, to put it no more strongly, may not have given our country a better medical service than it otherwise would have had or than other countries now possess. Why, under these circumstances, should the British people not be invited to think again and to consider whether they would not do better for themselves if they modified the central monolithic principle of the national health service and started to pay privately on a much larger scale (of course with the help of insurance) for their medical services?

As you yourselves have been saying so

wisely and powerfully in recent months, this is the time for re-examining most carefully all our British institutions, even the most cherished. Why should the national health service uniquely be immune from challenge of this kind?—Yours faithfully,

JOHN JEWKES
Merton College, Oxford SYLVIA JEWKES

The World Crisis

SIR—There is a surrealist quality in the Berlin crisis which lowers morale. We have had a threat to bomb the Acropolis by Mr Khrushchev; an issue of ball-point pens in Berlin; a partial American mobilisation; and now Gleneagles. (One must distinguish carefully between First and Second Gleneagles, for the Prime Minister's statement on the fairway bore little relation to the communiqué of Lord Home's which he read out in the hotel.) Meanwhile President de Gaulle plays his *solitaire*, Bizerta, ruining himself and us; and Dr Adenauer, after insulting Herr Brandt in an election campaign, stands shoulder to shoulder with him beside the Wall of Ulbricht. What is so eerie in all this is the combination of nineteenth century politicians with twentieth century engines of destruction. Poor Mr Kennedy is indeed a contemporary of ours; but all he gets from his allies are umbrellas sent by derisive West Germans.

There are surely two ways for the West to treat the crisis: to defend the physical *status quo* by a sincere threat to pull the roof down on the Russians if they menace the freedom of West Berlin; or to seek to

THE ECONOMIST SEPTEMBER 2, 1961

Mr. Sho's two worlds

One side is Japanese, the other English—a symbol of how Mitsubishi Shoji serves both worlds.

With 90 years in the business, this big general-trading company has had noticeable results in serving overseas clients who buy and sell in Japan. The silken curtain parts quickly when Mitsubishi Shoji is on the job for you.

Some of Japan's finest products carry the Three Diamonds mark common to all Mitsubishi companies. There are over a score of these companies in light and heavy industries, and each handles its foreign trade transactions through Mitsubishi Shoji.

You can learn how profitable it is to trade with Japan at any Mitsubishi Shoji office. Branches and affiliates are in all the world's trading centres.


General Importers & Exporters
MITSUBISHI SHOJI KAISHA, LTD.
Head Office: Marunouchi, Tokyo, Japan

London Branch: Bow Bells House, Bread Street (Cheapside), London, E.C.4

GLENROTHES
...on the road to prosperity

Get ahead in Glenrothes—the new, fast-growing town in the County of Fife... strategically sited on the main road linking the two new road bridges over the Forth and Tay. It's a *great life* for industry at Glenrothes, with rich rewards and boundless opportunity for the far-sighted.

Glenrothes is recognised as a Reception Area for Overspill purposes, and financial assistance is available under the Local Employment Act, 1960, in approved cases. Glenrothes offers *you* top-grade labour, houses for all grades and first-class sites.

You'll be in good company too, at Glenrothes. Already established are manufacturers of the calibre of Beckman Instruments Ltd., Anderson Boyes & Co. Ltd., Formica Ltd., Hughes International (U.K.) Ltd., Cessna Industrial Products Ltd.—and the Scottish Milk Marketing Board.

For further information write to
the General Manager,
Glenrothes Development Corporation,
Woodside, Glenrothes, Fife,
or phone Glenrothes 2202.



**Grow fast at
GLENROTHES**

defend West Berliners' freedom by other means. The first course, to put it mildly, has not been taken. The second entails the aid of the neutral or "unaligned" countries, many of whom will meet this week in Belgrade. Their governments do not love Russia and most of them would like to associate with the West, if it treated them as equals. But they are unwilling to take sides with us in a quarrel between the boss-powers over the former capital of Prussia, a quarrel which would destroy some of them if it turned nuclear. If after negotiations under pressure the West had to admit partial defeat, would not many of the "unaligned" turn against the Soviet Union in the United Nations and concern themselves actively not only with oppressed Germans but also with our former allies now under Communist tyranny, Poland and Czechoslovakia?—Yours faithfully,
London, SW3 CHARLES JANSON

British Columbia Electric

SIR—Your note two weeks ago says: "How far the Government has followed these (i.e. the BC Supreme Court's) criteria is not clear."

I submit that it is crystal clear. The \$111 million compensation paid for British Columbia Electric is, as stated in the enabling Act, the book value attributed to the common shares in the balance sheet of December 30, 1960. Note 5 to the 1960 Financial Statements, after explaining that the properties were valued for rate-making by the Public Utility Commission of BC as at June 30, 1939, and that subsequent additions have been computed on the same basis, states:

The valuations by the Commission are established for rate-making purposes and neither they nor the amounts at which the properties are carried in the consolidated balance sheet purport to represent either present realisable value or replacement value.

The auditor's note is, surely, conclusive evidence that the compensation paid cannot conceivably be held to satisfy two of the Court's criteria, namely historic and replacement costs and prices recently paid for similar utility properties. The third criterion, future earnings prospects, which is particularly significant in this case, has been completely ignored. In short, the terms imposed by the BC Government bear no relation to the principles established by the Supreme Court.

If, however, despite the inherent injustice, compensation is based upon book value, surely capital surplus and earnings employed in the business must be included in arriving at the final price. These two items would increase the BCE compensation by \$29.5 million. Moreover, there is a deferred credit, in the last balance sheet, of \$44.4 million, representing income tax deferred to future years as a result of claiming capital allowances. If this is included, compensation paid for BCE, even on the basis of book values, should have been \$184 million. The same exercise for British Columbia Power produces a final figure of \$194 million, representing an im-

provement of \$14 million, or \$3 per BCP common share, on the offer for BCP's entire assets.—Yours faithfully,
London, EC2 READING

What Price Diplomacy?

SIR—After forty years' consular, commercial, diplomatic, and diplomatic service in eleven posts I can testify that all were usually overstuffed. Diplomacy, in essence, is a one-man business. Surplus staff and masses of paper do not help: they merely increase the security hazards.

The abolition of minor consular posts was certainly a great loss for the reasons you give: but it was done, not for economy, since most of them cost virtually nothing. The motive was the Foreign Office's aversion to honorary consular posts, whose links with trade were thought to diminish the status of the career officials.—Yours faithfully,
J. G. LOMAX
Llanelian, Anglesey

Dr Nkrumah

SIR—The Note entitled "Bearer of Tales" in your issue of August 5th is surely less than fair to the British Minister in Budapest.

The sentence in Dr Nkrumah's speech to which he took exception was, according to press reports, to the effect that "Ghana had ended 100 years of British colonial oppression." This was not merely, to quote your words, "a reminder" of our "colonial past"; it was an insulting travesty of it, spoken at an official reception in the presence of the official British representative. How could he let it pass?

And do you really think that it would be "in our interests," or would increase respect for us, for us to "disavow" our colonial record?—Yours faithfully,
London, SW3 GEOFFREY FURLONGE

Home Rulers

SIR—As the Liberal and Home Rule candidate who "intervened" in the Kelvingrove, Glasgow, by-election in 1958 perhaps I may be allowed to comment on your rather ingenuous note of August 12th.

Official help from the Scottish National and Scottish Liberal parties was neither sought nor obtained for my candidature. The primary objective was to deny the seat to the Conservatives. The secondary aim was to resolve the then strip mill impasse. Labour elements, among others, had long been campaigning for a continuous mill to be sited at Grangemouth. Any such development at that most unsuitable point would have broken up the pattern of the Scottish iron and steel industry. The Conservatives, for their part, were not disposed to go counter to the "London" view.

I raised the issue in two television broadcasts. When the Conservative was dislodged her defeat was, rightly or wrongly, attributed to my intervention. Not long after, Colvilles were asked to put up a strip mill in

Motherwell (where I had said it should be) and were offered the needful means.

You suggest that the influence of the Home Rulers is now very much on the decline, by way of exerting a reforming influence on social policy or even of securing further administrative devolution. My own view, for what it is worth, is that quite the opposite is in train. Since the last general election, both the Labour and Conservative parties have gone out of their way to placate Scottish opinion, the one to maintain its still strong base in Scotland, the other to overturn it. If the Home Rulers are not so evidently active at the moment it may be because events are conspiring to favour their views.—Yours faithfully,
Cambuslang, Lanarkshire DAVID MURRAY

Room in the Middle

SIR—In your article of August 19th you contrast the progress made by housing co-operatives in Sweden with the fact that in Britain co-operative housing has, so far, been almost a non-starter. Your readers might get the impression from the way you stated it that this is related to the other fact that the Swedish co-operatives are "non-political" whereas the British co-operative movement is "political."

Co-operative housing in Sweden is organised in two movements, HSB and SR. Although there are friendly links between both and the Swedish consumers' movement the latter, as in this country, is primarily concerned with providing its members with consumer goods and services through the distributive trades. Co-operative housing is separate and its origins are separate. This is also true of the highly successful co-operative of car-owners which has its own chain of garages and petrol stations throughout the country. The agricultural co-operative movement, as in Britain, is also separate.

In Britain the Co-operative party has done most to arouse interest in the potentialities of co-operative housing. A policy statement entitled "Housing—A Co-operative Approach" was approved early in 1959. This makes the claim for tenants' co-operatives as a more satisfactory alternative to private landlordism than wholesale municipalisation, and advocates the setting up of a central promotional organisation.—Yours faithfully,
London, SW1 HAROLD CAMPBELL
The Co-operative Party

Mr Kenyatta

SIR—For fifty years or so I have been reading *The Economist* in the hope of profiting from expert comment on a world growing steadily more irrational. The article on Mr Kenyatta in your issue of August 5th appears to indicate a change of policy on your part. You now prefer to sell white-wash.

I am neither a South African, still less a supporter of the present South African Government; merely an Englishman who detests humbug.—Yours faithfully,
Johannesburg THEODORE GREGORY

BOOKS

Painful Co-existence

Russia and the West Under Lenin and Stalin

By George F. Kennan.
Hutchinson. 419 pages. 40s.

MR KENNAN is not here much concerned with communist Russia as such, but with the foreign policy problem it presents to the West. He provides just enough background about the internal evolution of the Soviet Union to enable the average student to grasp the vagaries of its foreign policy (the book is largely based on a series of lectures to British students). His central theme, however, is the dilemma that has faced, and still faces, the western powers as a result of the sudden entry, in 1917, of a revolutionary newcomer into the established community of nations.

Once the revolution failed to spread throughout the world, communist foreign policy was bound to pursue two contradictory objectives. "The desire to destroy bourgeois governments," the author aptly points out, was coupled with "the desire to enjoy the advantages of normal intercourse with them . . . so long as they continued to resist destruction." The non-communist powers, too, had to find an answer to this contradiction. The problem is still topical in the vital guise of "co-existence." It is no accident that Chicherin, when foreign minister, spoke of "the parallel existence of the old order and of the new," and of the need for the economic co-operation between the two; in terms so similar to Mr Khrushchev's, though he was speaking almost 40 years earlier.

Nobody is better equipped than a former ambassador to Moscow to describe what the western reaction to this revolutionary challenge was, or what it should have been. Those who discovered Mr Kennan as late as 1957, and who, ignorant of his past, suspected that the theorist of disengagement had pro-Soviet or "appeasing" leanings, will be undecieved by this book. The professional diplomat is shocked by the Soviet manner. "Insulting" is an adjective that crops up all the time. The liberal, with conservative leanings, abhors not only communist practice, but also the doctrine that inspires it. Unlike many of his colleagues, however, Mr Kennan thinks it his patriotic duty to understand and explain the motives of his opponent.

This is one purpose of the book. The other is to counter Soviet accusations of western misbehaviour. In this struggle against Stalinist falsification, the author seems, occasionally, to lean in the opposite direction. Thus, the attempt to explain allied intervention in the revolutionary struggles exclusively by the desire to keep Russia at war is not entirely successful. Why did intervention outlast the world war? The explanation contains too many

"sheer coincidences" to be quite convincing. The treatment of Munich gives a similar impression. Communist writers harp on Munich to divert attention from the Nazi-Soviet pact: here, the balance seems slightly tilted the other way. In more general terms, Stalin's evil genius is made to loom somewhat too large in the story, and psychopathology is used more frequently than sociology or economics.

Mr Kennan is at his best when dealing with diplomatic manoeuvres and their background. His description of the way in which Germany was driven into Russia's arms, and how the two outcasts of Versailles signed the Rapallo agreement in 1922, is masterly. The general presentation of the book—each chapter dealing with a separate topic and trying to draw some general conclusions—is effective. The narrative is vivid. And in view of the writer's authority, his side remarks on the difficulty of "summitry" or on the nature of American diplomacy have great interest. And yet, until the very last pages, the reader has the impression that the central question concerning the world impact of a revolutionary state, so well posed, is not quite answered.

Mr Kennan, naturally, has his views on what went wrong with western policy. The root of all evil was in the search for "unconditional surrender" in the first world war. The attempt to keep Russia in the war when it was no longer capable of fighting gave the Bolsheviks their chance. The Versailles treaty and the mishandling of the Weimar Republic gave Hitler his. Once Stalin and Hitler are on the stage, war seems as inevitable as doom in a Greek drama. And so the story which began with Allied intervention ends with the wartime alliance for which, in the author's view, the western powers paid too high a price.

It is only in the closing pages that Mr Kennan returns to the problem of co-existence. His own doctrine is based on two premises. Warfare is not an answer to communism, and the advent of the atom has merely reinforced this view. Secondly, world politics is not a field in which one should seek the absolute. Russia was better under Lenin than under Stalin, and things have been improving in the Khrushchev era. Western diplomacy, in his view, should beware of conditioned reflexes; it should not always react to an image of Russia that is ten years out of date. Mr Kennan remarks wittily that he could name many Sovietologists who "seem afraid to admit to themselves or to others that Stalin is really dead." It is to be hoped that Mr Kennan will be able to return to his scholarly task and take his story through the last years of Stalin up to the Khrushchev era. This will compel him to go deeper down below the diplomatic surface, to explain more closely the

relationship between the transformation of Soviet society and the evolution of its foreign policy.

Worried Young Man

The Stagnant Society

By Michael Shanks.
Penguin. 236 pages. 2s. 6d.

SINCE Professor Galbraith so brilliantly imposed his catch-phrase on the conscience of the world, reviewers have come to fight a bit shy of books with titles such as this: the more so when it is followed with the portentous sub-title "A Warning." A look at the cover gives just the opposite impression: a team of undertakers' men, formed up with their Rolls in front of the Union Jack, irresistibly recalls the Goon Show in its finest days—what, are Penguin Specials going funny? The answer, of course, is that they are not: the Penguin Special has by now established itself as a genre of its own, falling well clear of the twin sloughs of portentousness and frivolity suggested respectively by title and cover (for which, presumably, the author need bear no responsibility). The object of this one is to examine some reasons for Britain's economic stagnation, as compared with the rapid postwar growth of other economies, western and eastern, and the technique used is that of extended journalism, rather than of weighty analysis.

Mr Shanks is from the *Financial Times* stable: like many of his contemporaries he finds Britain's poor performance in the growth stakes a source of shame and deep anxiety. Believing that economic techniques have been developed to a point where we can now act to avoid the "catastrophic fluctuations of the trade cycle" with their attendant unemployment and business depressions, he argues convincingly that the failure to expand is rooted in our national social structure. He has also looked closely at the state of the trade unions, and has been thoroughly appalled at the spectacle: the pity is that this vision has so upset him as to falsify the balance of his book, a good two-thirds of which are devoted to castigating the unions for their present failures and suggesting how they could do better in future.

Regarded as a book on the unions, there is a mass of good sense here. Mr Shanks's main wish is to give a whole lot more power to the TUC, which could thus eliminate many of the inter-union disputes and squabbles which are so depressing a feature of industrial life. In particular, he would like to see the trade union movement, through its central organisation, drawn into the national machinery for decision-making by its participation in an economic planning group—in fact, through the establishment of some machinery of the kind that the Chancellor is supposed to be contemplating at present. This group would lay down a generally permissible level of wage increases, and the sharing out of this increase would then be

bargained out industry by industry, with unions asking for more than their share being held in check by the strengthened and centralised TUC. It is no fault of Mr Shanks that these ideas are by now familiar to newspaper readers: it is just his bad luck that events have caught up so swiftly with his foresight when he was doing his work on the book.

Forking out from his concentration on the unions, Mr Shanks has some sensible things to say about the way in which our industry is run. His faith in the success of distributing industry into areas of unemployment by refusing building licences for boom areas and subsidising factory building in development areas may be rather excessive; but his remarks on industrial democracy and co-partnership are eminently sensible, especially his wish to see unions brought more closely in touch with factory-level joint consultation machinery. Politically, he seems to stand with those on the wing of the Labour party whose feathers reach out to mingle with Mr Grimond's: he would not mind seeing a bit of moulting on the far side, among the Cousins and the Foots. He argues cogently (if again a little belatedly) in favour of an association with the Rome treaty powers. Clinging to democracy, loving sweet reason, he is a real moderate.

The trouble with his book is what is left out. To analyse the faults of the unions is valuable: but to lay so vast a proportion of the blame for our national economic plight at their feet does seem a bit excessive. Nepotism in industry, retail price maintenance; the public schools; the loss of the colonial empire; the survival of the aristocracy—some of these are briefly looked at by Mr Shanks, others not at all. But the part played by these phenomena—and many other such—in frustrating social mobility, and thus economic progress, in our society is surely as well worth examining as the dead weight of the unions, even if the verdict is to be “not guilty.” Trade unionists are all too apt to believe, when criticised before the public, that they are being unfairly picked on and made the scapegoat for other people's vices. The uneasy suspicion remains that this is not the book Mr Shanks meant to write at all, and that he appended to a worthy tract on the unions some too hasty afterthoughts on other subjects, to make up the weight to back his ponderous title.

Aid for Aid's Sake

Economic Aid to Underdeveloped Countries

By Frederic Benham.

Oxford University Press for Royal Institute of International Affairs. 121 pages. 12s. 6d.

PROFESSOR BENHAM has written a short general account of economic aid to underdeveloped countries that is both accurate and lucid. He outlines what is now being achieved both qualitatively and quantitatively and gives balanced vignettes on such controversial subjects as price stabilisation schemes, the growth of popu-

lation and the specious choice that emergent countries are asked to make between trade and aid.

The most challenging sections of Professor Benham's book are, however, those in which he considers the motivation of aid and the inadequacy of Britain's present efforts in this field. He notes that those in favour of increased aid often claim that more aid will help to turn the flow of the cold war in favour of the West. They ask whether we are matching the great challenge of the Soviet economic offensive. But as Mr Nove has pointed out, the Soviet aid programme is not nearly so large as is often thought and still largely consists of promises for the future. Again, a quick glance at those countries which have benefited from shock aid programmes—South Korea, Laos and South Vietnam—will show that such programmes have not been very successful and were exceedingly ill-conceived. The countries receiving aid, Professor Benham aptly points out, are not quite so naive as they are thought to be and are usually able to weigh up the motivation for aid quite accurately. It is in the interests of the west to encourage the east to give increased help and for the aid programmes of both blocks to be spread over the whole underdeveloped world. Such peaceful competition will help to ensure that the programmes are well thought out and efficiently executed and will help to remove suspicions of spheres of economic influence and neo-colonialism.

Aid that is intended to stem communism or actively to promote privileged trading conditions is not likely to be very effective as aid and is almost certain to fail in its objectives. Professor Benham quotes Sir William Hayter's belief that Britain's “political end should be the actual raising of the living standards of Asia and Africa, in the interests of the peoples of those countries, but also in the interests of a stable and peaceful world.” If the interests of the developing countries are kept right in the foreground, it is much more likely that the other objectives will be achieved incidentally at the same time.

It may seem ungrateful to state that the Government's contribution to the underdeveloped countries is wholly inadequate just after the Chancellor was generous enough not to axe the present programme. But he should carry his ideas of longer term planning into the field of aid. There is no effective opposite number in this country to the plan organisations of the developing countries. Were Britain itself to have such an organisation, it would help to dissolve the bewilderment that a developing country feels in dealing with a plethora of commercial, semi-commercial and public entities when negotiating a contract or in trying to find the most suitable source of help. The new department goes only a short distance to meet this need.

Professor Benham's book provides an excellent introduction to the whole question of economic aid, and also conjures up some inconvenient thoughts that might in due course lead to more effective action by the

Government. His concluding plea is that “once the needs of the underdeveloped countries are taken as the sole criterion, one per cent of the national incomes which are far higher per head than theirs, and growing much faster, should surely be the very least which we are willing to contribute towards a better world.”

Three Generations in India

Punjabi Century, 1857-1947

By Prakash Tandon.

Chatto & Windus. 256 pages. 21s.

IN three generations, staggering changes have transformed the Indian countryside and the structure of Indian society as a whole. From his grandfather, Mr Tandon learned of the anarchy that accompanied the collapse of the Sikh empire in the pre-British Punjab. A new era of law and order, irrigation, roads, bridges, railways, telegraphs, schools, and public health, was opened by British administrators, who, because they lived among the people for decades without home leave, and moved around slowly on horseback, were intimate with the people, whose languages they learned to speak fluently. Mr Tandon's father was one of the first Indian canal engineers trained in the newly set-up Roorkee college, and made his way contentedly in the service of the British raj. He survived into the new age, when the blessings of peace came to be taken for granted, and fast modern transport, by strengthening their ties with home and making rushed local tours superficial, reduced the intimacy of administrators and people.

The old generation of Indians enjoyed the wide sphere of subordinate responsibilities granted them. They thought it reasonable that the key posts should be in the hands of the British, who taught them their “know-how.” The new generation increasingly resented the promotion over their heads of youngsters from England, whom they initiated in technical jobs (such as magistracy, canal engineering and revenue collection) leaving them permanent subordinates. English books fired them with ideas of freedom and self-government. Mr Tandon's generation saw no future in government service. He became one of India's first chartered accountants and has risen to the top in modern industrial India. His account of these changes must remain unique, for nobody will ever again experience in one family and one lifetime the same kaleidoscopic revolution.

Mr Tandon is, however, only passingly concerned with politics. His insight, tolerant yet shrewd, cool but sympathetic, into men and women, his relish of the good things of life, his love of the countryside, and his command of an imaginative, indeed poetic, English prose style, have enabled him to paint a vast canvas, unsentimental but warmly human, of rural life in the Punjab between 1857 and 1947, with its multifarious cycle of marriages,

Watch closely

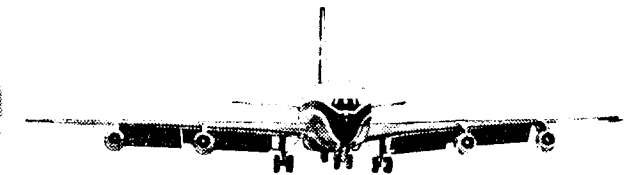


A jetliner, carrying the colours of a famous airline. Down to earth, it taxis towards the airport apron.



As it comes in, something else is moving too—a huge white fuelling vehicle. Within minutes of landing

as that plane

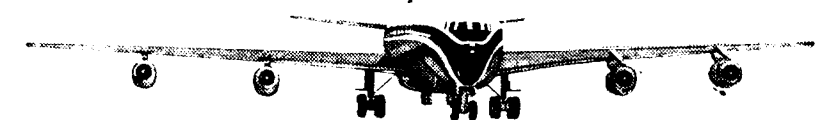


the jetliner has taken on five, ten, perhaps fifteen thousand gallons of fuel in a planned, practised, radio-

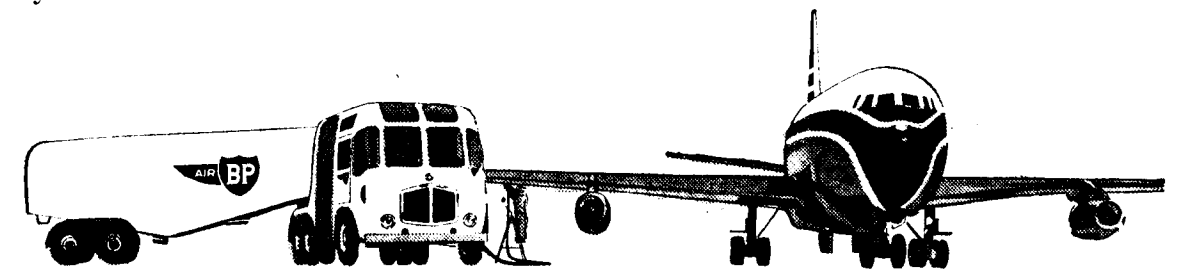


directed ‘turnround’ that wastes not a moment of the airliner's and the traveller's time. In air

comes in



travel, time saved is money saved—one of the keys to cheaper travel. Watch the AIR BP fuellers and



their skilled crews as they protect the value of your travelling pound.

FAST FLYING AIRLINES—FAST FUELLING . . .





“...and the grapes, I’d say,
were trampled by Gustave...”

There’s one thing about wine that nobody’s ever tasted — and that’s the thing it’s packed in. Glass. The most taste-full tasteless material in the whole wide world.

Even United Glass bottles don’t taste better than others. So why are there more of them around than any other kind? Because United Glass gives bottlers what bottlers want — good bottle-making backed by good service.

UNITED GLASS

Makers of bottles and jars
for thousands of good things

INTERNATIONAL PACKAGING EXHIBITION
OLYMPIA September 5th-15th STAND: BLUE 61

births and deaths, of festivals with their acrobats, jugglers, licensed jesters, village performances of the *Ramayan* (in which the small boys vied with each other for a part as one of Hanuman’s army of monkeys), of quarrels, feuds, murders, ambitions, joys, tragedies. Scholars will thank Mr Tandon for his vivid documentation of a vanished era; ordinary readers, even if they know nothing of India, for a charming book, right off the beaten track.

Freud—for the Many and the Few

Freud and the Post-Freudians

By J. A. C. Brown.
Penguin. 233 pages. 3s. 6d.

Letters of Sigmund Freud 1835-1939

Edited by Ernst L. Freud.
Hogarth. 464 pages. 50s.

THE first book covers rather briefly ground that has been dealt with again and again in recent years. The best and fullest treatment is by Ruth L. Munroe in her “Schools of Psychoanalytic Thought.” What Dr Brown has done is to present this material—that is, the account of Freud’s own theories, and an account of the theories put forward by one or other of his rebellious disciples—in a brief and accessible form. He says a good deal about recent work in this country, but quite rightly devotes more space to the work of Horney, Fromm, and Sullivan in the United States. This descriptive writing occupies nine chapters and nearly 200 pages, and is sound if not original.

Then Dr Brown goes on to devote the last thirty pages to what he calls “Assessments and Applications.” In this section he deals freshly and sensibly with some present controversies, particularly the well-known argument between Professor Eysenck and the psychoanalysts, and makes some practical suggestions of his own; these would, if put into effect, remove psychoanalysis from its socially unimportant position by the couch, and put it to work in industry and society at large. What he has to say here is stimulating, and some people are already taking this line seriously. Whether it will prove widely acceptable is another matter.

Although the edition of Freud’s letters has just been edited by his son, and occupies nearly twice as many pages as Dr Brown’s little book, the material is not of such general interest. Freud’s disciples will, rightly of course, want to read everything he wrote, and those who enjoyed the bibliography “Freud’s Life and Work,” will find this collection of documents an interesting appendix. In themselves the letters are mainly personal, and often trivial in content. They help to recapture the atmosphere of middle-class Vienna before the second world war, and they add to our knowledge of Freud the man. But the general reader should realise that their value would not be great to anyone who tries to read them without any background.

More Management

Studies in Management

By Guy Hunter.
University of London Press. 158 pages.
10s. 6d.

The Business of Management

By Roger Falk.
Penguin. 251 pages. 3s. 6d.

MR HUNTER’S book, unlike most of those published on management, is about some of the real problems that worry—and when they do not, ought to worry—managers, described by an acute and liberal observer of industry. It is a pithy and forthright discussion of the problems that need to be considered when a personnel policy is formulated. The first half of the book is concerned with the timing and details of personnel policy as well as the aims and methods of management training. The second discusses the nature and context of the industrial community in relation to society as a whole, paying particular attention to the nature of authority, the system of payment and the demands made on the educational system.

It is a book that could be read with profit by managers at every level. Yet its greatest value could be for those at the top provided they are willing to listen to remarks like:

“Top management often has an itch to get down there and inspire, to demand gratitude for welfare and generosity to preach the partnership of man. It is a dangerous one: they are better employed in really good training of their officers, and in the constant improvement of systems.”

That is one illustration of Mr Hunter’s perception of the temptingly-covered pitfalls that can attract the top manager who is looking for easy solutions to problems of communication and morale. He emphasises that communication techniques have little value in themselves, for it is not what is said or how it is said that matters, but how it is heard. He also utters a warning against the excuses that are commonly made for failures: “Before any man is called lazy or stupid, it is necessary to be very sure that the right challenge has been put before him.” One way to improve management would be to abate “the tendency to arrogance and insensitiveness which is possibly the most general defect in managerial character.”

The current demand for books about management will ensure that any general book on the subject published as a paperback is likely to sell well. Mr Falk says that his book is not a text book or a manual, but “an attempt to help the thinking of those who feel with the author that management is a subject worth thinking about.” But the quality of thinking is not original, hence less stimulating than that of Peter Drucker or Mr Hunter. It will be useful to those looking at industry from the outside who want to hold their own in conversation. It may also interest the would-be manager who wants a clear, brief and up-to-date discussion of management.

Agenda for a Free Society

Essays on Hayek’s

The Constitution of Liberty by

H. B. ACTON / FREDERIC BENHAM

MICHAEL P. FOGARTY / GRAHAM HUTTON

J. A. LINCOLN / E. VICTOR MORGAN

E. F. NASH / A. A. SHENFIELD

SIR HENRY SLESSER / J. W. N. WATKINS

a body of practical prescriptions for governmental policy on money, taxation, welfare, labour and agriculture

Edited by Arthur Seldon

25s.

Published for the Institute of Economic Affairs



Hutchinson

A DYNAMIC THEORY OF FORWARD EXCHANGE

PAUL EINZIG

This is the first book to give a detailed account of Forward Exchange practice, theory and policy in the post-war world. Dr. Einzig’s pre-war book, *The Theory of Forward Exchange* (1937), has not been superseded as the generally recognised standard of work on the pre-war system. But there have been many important practical changes and these, together with some changes in the broader aspects of the subject, call for a revised theory and a rethinking of official policies. 60s.



MACMILLAN

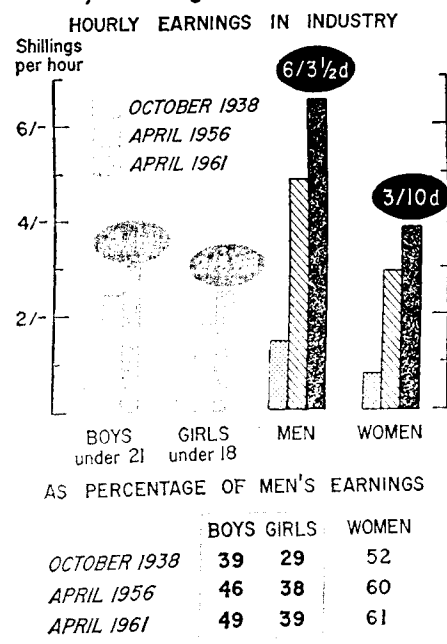
Resistance Agent Who Lived to See the Day

By Philippe de Vomécourt.
Hutchinson. 288 pages. 25s.

"If I had known there was a Resistance Movement I would have joined it." The young man who said this in September 1944 is quoted by Jean Galtier Boissier in his "Journal de l'Occupation de Paris." The statement seems less improbable after reading Philippe de Vomécourt's unromanticised account of his adventures as an agent of Special Operations Executive. Seventeen years after the end of the war the spate of literature—and films—about the Resistance leaves many of us as confused or ignorant as the Parisians of 1944 about the real nature and consistence of the movement. Who belonged to it? What were their motives? How was it organised? What co-ordination was there between its branches? What did it do? Few people in Britain, or in France, for that matter, could say for certain at how many levels the Resistance was operating in France in the last two years of the war. And what do we know of the relations between the Free French, obedient to General de Gaulle, and the British, French and other agents of the British-organised Special Operations Executive and its parallel American organisation? Or between these and the communists?

TEENAGE EARNINGS

Among industrial workers, teenagers are still doing relatively the best in pay increases. In the five years to April, 1961, the rise in the hourly earnings of boys and youths was 38 per cent compared with that of 30 per cent for men. And although during the same period the increase of 32 per cent for girls was no more than that for women, this brought their hourly earnings to nearly six times what they had been before the war—a larger uplift even than that given to boys' earnings.



Before the generation that witnessed these events dies out, it is to be hoped that someone will give us an organic and critical history of the Resistance that could help us to read the tragic riddle of contemporary France. "Who Lived to See the Day" makes no claim to be a complete or critical analysis of the Resistance and its springs of action. It is a *témoignage*, whose value lies in its sincerity and in the fact that—to anyone with personal knowledge of France during the German occupation—it rings true. This is important in a book that appears seventeen years after the events it narrates. Was this delay the author's fault or the publishers', one wonders?

The tale is well told and the style sympathetic—no mean achievement for a writer who is recounting his own exploits. In fact one soon forgives him the naïveté of his original premise. The de Vomécourts come from a part of France—Limoges—where memories of personal conflict with the Germans are cultivated in every home and where "patriotism, the love of France, of the country, of her people and her glorious history, are a natural and proper response." Philippe de Vomécourt makes no apology for this unsophisticated outlook and no attempt to analyse the strange contradictions into which it led him. He seems, indeed, quite unaware of these. The desire to fight the Germans without delay led him to enrol in the British rather than the French organisation in 1940 when the Free French, at General de Gaulle's orders, were doing reconnaissance work only while the British-commanded SOE agents were already engaged in sabotage. Later, de Vomécourt could see no merit in communist action in the Resistance. For him the communists were working for the "revolution" not for France. Yet, objectively, one must surely admit that the communists saved a good deal of France's industrial plant from removal by the Germans whereas some, at least, of the sabotage operated by SOE was of doubtful utility to France. Yet de Vomécourt was by no means servile in his relations with his British commanders and made some useful and pertinent criticism of the unnecessary dangers to which their lack of imagination sometimes exposed resistance workers in the field. God forbid that we should need to make use of the experience of Resistance again. But there is a deal of lore in this book that would be useful to anyone still in the job.

Law and Legislation

The British Commonwealth, the Development of its Laws and Constitution, Vol. 9: Malaya and Singapore, the Borneo Territories

Edited by L. A. Sheridan.
Stevens. 532 pages. 84s.

THIS is the best volume so far in a useful but patchy series. Professor Sheridan has supplied what was clearly lacking in some of the earlier volumes—skilled and decisive editorship. Instead of

a series of essays by different hands bound up in one volume and preceded by a perfunctory introduction, we have a coherent volume over which much trouble has been taken.

The task could not have been an easy one, for although the common law has been at work in Malaya for nearly two hundred years it left curiously few traces behind it in the way of reported judgments. Until 1932 there were no reports at all in the (unfederated) Malay States except Johore. There were other complications arising from the mixtures of races—Malays, Chinese, Hindus and others. As a result the law throughout Malaya is a mixture of common law and equity as interpreted (quite successfully) by English barristers working with out-of-date books and hazy memories of what they had learnt in the Temple; customary laws regulating the personal and domestic relationships of the various racial groups; and, lastly, local and imperial legislation.

Of legislation there is now no lack—"Enactments pour out from what must surely be the highest concentration of legislatures per head of population to be found anywhere in the world." There seem to be, or to have been, no fewer than nineteen such law factories in the area covered by this volume. (Incidentally, one of the features of the work is a series of population tables and two good maps). In an area of the Commonwealth where the divisive factors are so strong it is good to have this most useful and admirable contribution to unity.

OTHER BOOKS

AMERICAN PERSPECTIVES. Edited by Robert E. Spiller and Eric Larrabee. *Harvard University Press*. London: *Oxford University Press*. 216 pages. 38s.

Ten specialists in American history, sociology, sciences, arts, etc., here contribute essays round the theme: what images of the American character are reflected in these departments of knowledge? The debunking era early in this century has given place to one wherein Americans—especially the younger generation—seek assurances, security, stability and coherence. The book has a good deal of information in it and will convey much of "the American dilemma" to those knowing nothing of that dynamic society which hardly knows whether it is bound. But, for the rest, the book contains little new and little of substance. One can get much more about this subject for much less money.

THE FUR TRADE. 2 vols. By Paul Chrisler Phillips. *University of Oklahoma Press*. 712 and 704 pages. \$16.50.

These sumptuous volumes, completed after the death of their main author by his associate, J. W. Smurr, represent a life work on a most important factor in the economic and political development of the United States. Apart from the tussles between American fur traders on the one hand and British, *Canadiens* and French, Spaniards and Russians on the other, this elegant trade, based on much inelegance, shaped north-west which was not developed until this century. Here, richly illustrated, finely described, and economically analysed, is the story of far more than the upbuilding of the Astors' fortune. Not only economists will be staggered by the late author's careful tracking of the trade to its surprising destinations. They may well ponder how palaeolithic we moderns are still.

HOME REPORT

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

Communities in the Making

FROM OUR SPECIAL CORRESPONDENT

THE housing and industrial triumphs of the new towns are now well known; but are they equally successful and fortunate as social communities? The Ministry of Housing itself recently aired some misgivings about "new town blues" and the absence of "the friendliness of city life"—words which have started off a sharp controversy. A more measured review of the social problems of these and other new communities has now been offered by Mr J. H. Nicholson, former Vice-Chancellor of Hull University, in a study sponsored by the Carnegie UK Trust and the National Council of Social Service†. These heart-searchings come at an appropriate time, for the older new towns are finishing their period of rapid development and will be handed over one by one, starting with Crawley and Hemel Hempstead next year, to a single body, the recently created Commission for the New Towns. How can the commission help the further social development of these towns, and should the three new ones which may shortly be started at Skelmersdale (Lancs), Dawley (Shropshire), and somewhere in central Scotland, be differently designed?

SOME of the criticisms of all newly-built communities (the new towns included) really boil down to criticisms of modern life. It has become fashionable to contrast the matiness of old urban areas, with relatives living close by and with pubs and shops on every corner, with the home-centred and status-ridden isolation of families in new housing areas. But those (the Ministry included) who draw this sort of depressing comparison seem to forget that "fings ain't what they used t'be" even in Bethnal Green, and that it is doubtful whether (say) Paddington and Islington are now even as friendly as Harlow. Part at least of the old urban matiness was linked with disappearing conditions of domestic squalor and of a superfluity of shops and pubs run for a pittance. Equally the home-centred activities of new town families are a natural if overdone reaction to their improved housing, while their problems of loneliness or maladjustment often represent difficulties in achieving a new way of life—one in which the freemasonry of pubs and shops and the omnipresence of "Mum" give way to new activities based on personal preferences and the telly.

England is changing everywhere, but the changes are sharper and quicker in the new towns. These towns are in fact a forcing ground for middle-class values, and it is rather silly to try to put back the social clock by encouraging there a kind of bogus urban matiness. Yet this is just what the Ministry seems now to be proposing. It suggests that new towns might become more "neighbourly" if their housing layout broke away from the "generous densities" of the garden city idea in favour of a more concentrated style of development. This is a most curious argument, first because housing in the new towns is in fact more compact than in the early garden cities and secondly because (as a recent article in *The Economist* demonstrated) it is also more compact than in most old towns of comparable size. If density of development produced neighbourliness, then Harlow should be fully as neighbourly as Worcester—as it may be really.

The new towns have, however, three genuine and important

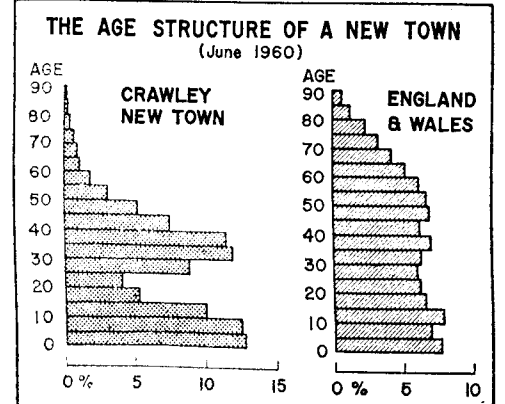
* Report of the Ministry of Housing and Local Government 1960. Cmd. 1435. 9s. 6d.
† New Communities in Britain by J. H. Nicholson. National Council of Social Service. 10s. 6d.

social problems, which also concern other areas. One is their unbalanced age structure—the predominance of large families and the lack of older people. The redevelopment areas of cities have precisely converse problems, since most of their younger and socially more mobile families leave under overspill schemes, leaving behind the smaller families and the lonely old.

This is a problem that clearly must be tackled at both ends. Mr Nicholson points out that similarly drastic social changes are occurring in areas of urban redevelopment, where familiar landmarks disappear and the rows of congested (but "cosy") little houses get upended into great blocks of modern flats. The community becomes unbalanced through failure to provide the kind of housing which families with children will willingly accept. Those authorities like the LCC who include at least some houses (balancing them with taller flats) are on the right lines, but a more ingenious and less hygienic approach could increase the proportion. At the other end, some new towns (with Mr Brooke's encouragement) are building more old people's dwellings, but many more elderly relatives would move to these towns if dwellings were available for them.

THE second and related social problem is that of the numerous new town children who will soon have families of their own. Are the new towns then to be declared "full up," thus starting up the social trek to new areas all over again? This problem already exists acutely at Kirkby, the large overspill estate near Liverpool, just as it arose earlier at Dagenham. It would be a grave mistake to push the new towns in their turn into the lopsided and stagnant pattern of an ageing population, but provision for the next generation will require a great deal of building—most of it by private enterprise—in the next twenty years. Land must be kept for this purpose, and more office employment will be a necessity.

Finally, there is the problem that the provision of social facilities—particularly meeting halls and commercial entertainments—has lagged in all newly-built areas. Most new towns are slightly better off inasmuch as their development corporations have been able, where the Treasury has let them, to contribute to local facilities. Fortunately, the growing resources of the local authorities in new town areas, combined with the ability of the new commission to continue contributions, should solve this problem. But there will remain the different point that no new town is large enough to support such facilities as first class shops or restaurants, theatres or concerts. In Hertfordshire where four new towns exist, a splendid opportunity exists to turn one of them into an attractive regional centre, and the new commission, with its co-ordinating powers, should be able to bring this about.



Enter Yartoft?

FROM A CORRESPONDENT IN EAST ANGLIA

THE Local Government Commission, having dealt faithfully with municipal pretensions and ambitions in the East Midlands, has now moved on to its preliminary investigations in East Anglia, where there are two great bones of contention. One is the proposal of the provincial capital and county borough of Norwich to take in 10,600 acres and 35,800 people in the surrounding suburbs, and thereby to become a city of about 155,000 people instead of 120,000.

The other question is the standing of the ancient seaport and present holiday resort of Great Yarmouth, twenty miles away, which was chartered as a borough in 1208, and has been a county borough since 1889. Yarmouth's population of 51,500, however, is only about half that which, according to the commission's briefing, would justify its retention as a county borough.

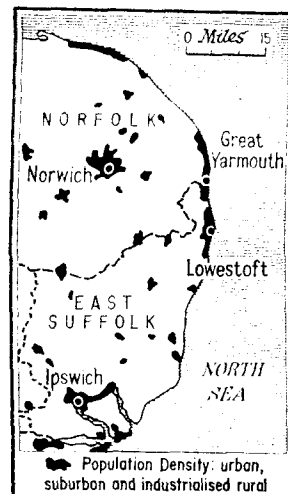
This might seem to suggest a simple course of action for the commission. It could recognise the modern growth of Norwich by allowing it to incorporate the 35,800 people and the £408,000 of rateable value in the suburban area. And it could compensate Norfolk county council—with its large but predominantly rural territory—by reducing Yarmouth (rateable value £910,800) to a non-county borough, and thus making it part of the county.

But in both towns this would raise a hornets' nest. In the first place, property-owning democracy in the suburban parishes of Norwich is fiercely opposed to the idea of incorporation in a Labour-controlled city whose rates are now 25s. 9d. per £1, and 40 per cent of whose houses are council-owned.

As for Yarmouth, it has put forward proposals to take in some of its own suburban parishes, which would increase its population by 7,250 and its rateable value by £85,500. But, being no doubt sensible that such a modest expansion might not save it as a county borough, it has asked the commission to consider merging Yarmouth and the neighbouring East Suffolk borough and port of Lowestoft, together with all the intervening and adjoining parishes. This would make a county borough with a population of 108,000, a rateable value of £1,603,000, and an area of 30,000 acres. It would, incidentally, be seventeen miles long—although the centres of Yarmouth and Lowestoft are only about ten miles apart, and the towns are almost joined by a string of holiday camps along the coast.

FORTY years ago the rivalry between Yarmouth and Lowestoft was such that this proposal would have been incredible. Anyone who dared to suggest it would barely have escaped with his life from the enraged populations of two hard-fisted fishing ports. The most astonishing thing about it today is that, having been suggested by Yarmouth, it has been quite favourably received in Lowestoft.

Bureaucracy makes strange bedfellows. The local wits have christened the proposed amalgamation Yartoft, and talked of a new town hall in the intervening village of



Hopton—but that is all. The reason for this astounding amiability is that Lowestoft, as a non-county borough of 45,000 inhabi-

Freights and Fallacies

FROM A CORRESPONDENT IN BELFAST

THE high costs of sea transport are always said to be one of the main reasons why Northern Ireland finds it so difficult to achieve a rate of industrial development that would make an appreciable difference to its unemployment problem. Economists have argued that transport costs militate against industrial growth, and criticised delays and inconvenience at the dockside, the high cost of dock labour on both sides of the Irish Sea, and a general inefficiency arising from a degree of monopoly control in cross-channel transport.

This view is supported by businessmen like Mr Cyril Lord, who has said that it is cheaper for him to transport latex from Malaya to Liverpool than to carry it from Liverpool to Belfast. Other investigations have shown, for example, that freight charges between Southampton and Belfast are higher than between Southampton and Madeira. Mr Charles Orr Stanley, head of the Pye group that has factories both in Northern Ireland and in the Republic of Ireland, even accuses the Northern Ireland government of being "bad and inefficient" because it cannot keep down transport costs.

Other critics are the Northern Ireland farmers, especially the stockmen. The suggestion has even been made that workers in manufacturing industries should accept lower wages in order to compensate their employers for the high costs of sea transport. And there has actually been one case, at least, where the workers accepted this advice, though the lower wages did not in fact save the factory in question.

All this tends to engender a feeling of hopelessness about freight charges. But there are occasional voices of dissent. Mr S. R. Dennison, head of the Department of Economics at Queen's University, has said that freight costs are only an excuse

THE ECONOMIST SEPTEMBER 2, 1961

tants, resents government from the county borough of Ipswich, the capital of East Suffolk, which is forty miles away to the southward, and feels that it might do better for itself in combination with Yarmouth, with which it has so much more in common.

No-one has said anything about the possible effects upon East Suffolk of losing Lowestoft, as the largest town in its administrative area—although there are hints and winks that the boundary commission might be disposed to merge East and West Suffolk into one administrative county. In fact, none of the three county councils—Norfolk, East Suffolk and West Suffolk—has yet said a word in public about the plans and ambitions of the boroughs. No doubt, like the sailor's parrot, they are thinking all the more. Meanwhile the suburban parishes, whether on the fringes of Norwich or Yarmouth, are extremely vocal about take-over bids.

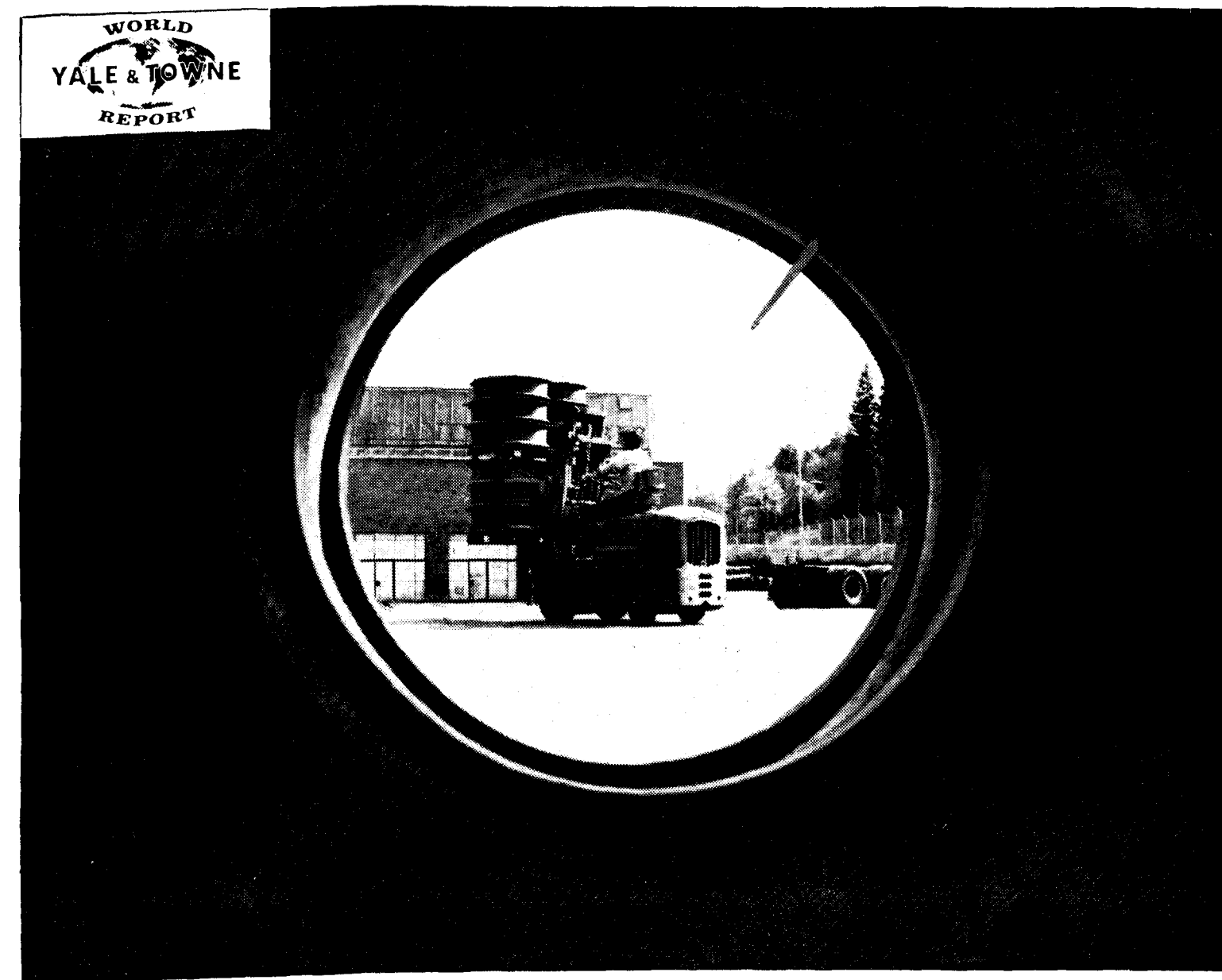
for failures that could well have been caused by something else. He argues that manufacturing industry almost everywhere has to contend with some problem of the kind.

It is not surprising that two new surveys, should have arrived at contrasting conclusions. In June this year the Northern Ireland regional committee of the National Union of Manufacturers sent a questionnaire about freight rates to 1,200 firms in the province. More than four-fifths of them would like to see an inquiry into sea freight rates, but considered that a direct freight subsidy should be "the last resort." One firm said it was definitely leaving Northern Ireland because of the high sea transport costs, but many others were more concerned about delays in delivery.

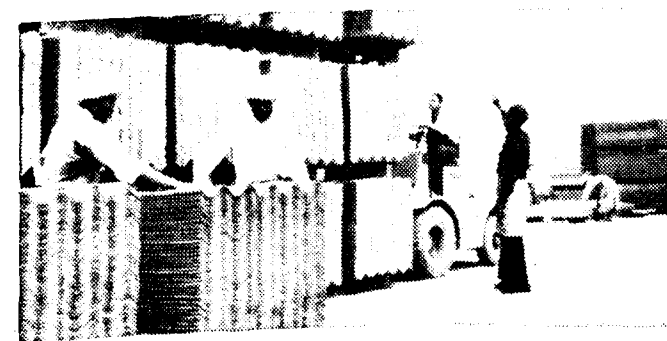
The second survey, carried out by the Northern Ireland Development Council, found that transport costs were of no great significance in the total costs of production. This survey covered 15 different industries. In all but one transport costs did not exceed 2.8 per cent of the sales value of the products, and in 10 of them transport costs were less than 1.5 per cent of sales value.

Such disagreements indicate that there is much more study to be done. But there seems to be quite enough evidence to direct more attention towards the problems of dockside delays, dockside labour costs, and losses in transit. One other point is that many Northern Ireland manufacturers have only themselves to blame if they suffer from transport delays. The shirt manufacturers of Londonderry put up with road and sea transport when their product is one that might be thought ideal for air freight. Radio and television sets, and even carpets, are other commodities that might sometimes gain from air transport.

THE ECONOMIST SEPTEMBER 2, 1961



ANYWHERE IN THE WORLD YOU'LL FIND THE PRODUCTS OF YALE & TOWNE!



STOCKHOLM, Sweden—A double-decked load of palletised wheel rims for the manufacture of highway trucks moves swiftly by Yale petrol fork-lift truck from outdoor storage at the Scania Vabis factory. Yale industrial lift trucks to fit the most difficult or exacting materials handling requirement are available in capacities up to 200,000 lbs. Find out how Yale trucks can reduce your handling costs from your nearest Yale sales and service representative.

CASABLANCA, Morocco—A Yale petrol truck, capacity 8000 lbs., works tirelessly moving, lifting and stacking heat-reflecting corrugated cement roofing materials at the Dimatit Works. Whether in warm desert sands or in the cold, frozen north, Yale industrial lift trucks speed goods, reducing handling costs to a minimum.

YALE®

INDUSTRIAL LIFT TRUCKS
TRACTOR SHOVELS

YALE & TOWNE

- Yale makes the world's most complete range of petrol, LP-gas, electric, diesel and hand lift trucks.
- All Yale industrial lift trucks are uniformly high in quality, wherever they are manufactured.
- All Yale materials handling equipment is available in the currencies of the free world.
- For information contact your Yale sales and service representative, located in principal cities of the world.

The YALE & TOWNE Mfg. Co., Chrysler Building, New York, U.S.A. YALE & TOWNE International Inc., Promotion and Service of International Sales, Zug, Switzerland
Mfg. Plants: Velbert Rhld., Germany • Wednesfield Staffs., England • Phila., Pa., U.S.A. Licensed Mfr.: FENWICK—Saint-Ouen, Seine, France • Milan, Italy • Barcelona, Spain

Do you wear a mackintosh ... or a raincoat?

The difference may be slight... but even small distinctions in language and in customs can assume importance, when people in Great Britain do business with people in the United States.

The Chase Manhattan Bank, with the largest network of correspondent banks in the U.S., naturally has close familiarity with American trade practices and usages—and with the ways in which they differ among the fifty states. And after more than seventy years in London, too, The Chase Manhattan is equally familiar with British ways. This understanding of customs on both sides of the Atlantic can be very useful to you in your dealings with the States.

Indeed, The Chase Manhattan can be of service to you almost anywhere you do business. Its network of more than 51,000 correspondent banks, branches and representatives' offices all over the globe can provide you with every type of modern banking service, promptly, efficiently, and on a personal, *localized* basis.

When you do business anywhere abroad... it will help to talk with the people at The Chase Manhattan, in either of the London Branches.

THE CHASE MANHATTAN BANK



Incorporated with Limited Liability under the laws of the State of New York

London: 6 Lombard Street, E.C.3 • 46 Berkeley Square, W.1.
The Chase Manhattan Executor & Trustee Corporation Ltd.
6 Lombard Street, E.C.3

OVERSEAS BRANCHES: London, England • Paris, France • Frankfurt, Main, Germany • Beirut, Lebanon • Tokyo • Osaka, Japan • San Juan • Santurce • Rio Piedras • Bayamon, Puerto Rico • Panama • Colon • David • Chitre, Republic of Panama • Balboa, Canal Zone • Charlotte Amalie • Christiansted • Frederiksted • Cruz Bay, Virgin Islands • Nassau, Bahamas • Lagos, Nigeria

The Chase Manhattan Bank (South Africa) Ltd: Johannesburg • Cape Town, Republic of South Africa

Offices of Representatives: International Airport, Idlewild, N.Y. • Washington, D.C. • Bombay, India • Buenos Aires, Argentina • Caracas, Venezuela • Mexico, D.F., Mexico • Rio de Janeiro, Brazil • Rome, Italy



AMERICAN SURVEY

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

Well-Mannered Recovery

NEW YORK

As the country takes time out for the long Labour Day weekend that traditionally marks the end of the summer season, it is clear that the American economy is moving forward again, far faster than either Washington or the business community had expected. While there is increasing uneasiness over foreign developments, the vigour and rapidity of the rise in business during the normally slow summer months has confounded the sceptics and vindicated Wall Street, where faith in a new boom was evident even before the recession had breathed its last. Labour Day usually ushers in a period of seasonal gains, although last year the decline that had been masked by the summer doldrums appeared in full force during the autumn.

But the new climate of confidence is based not only on the speed of the advance from last winter's trough, but also on the character of the recovery, which has been extremely widespread, with strength in almost every part of the economy, and remarkably well behaved, with a noticeable absence of price increases. Previous recoveries have been more erratic, have owed more to favourable developments in specific areas and have been accompanied by almost immediate pressure on prices and wages. Its safe passage through its early stages gives the present recovery a solid rather than a spectacular look and lends substance to the belief that the new boom developing from it will be stable and long-lived. Indeed, the main problem facing the Administration is not to get the economy rolling but to insure that its momentum is maintained; this may call for the use of restraints far earlier than President Kennedy's economic policy-makers once thought likely.

At the moment, with unemployment stubbornly remaining close to 7 per cent of the labour force and with excess capacity in almost every industry, there is no danger of any immediate strain on resources. But if the motor industry avoids a strike, the rise in industrial production may well accelerate, paving the way for a fairly early renewal of wage-price pressures, at least in certain places. The absence, at present, of any discernible symptoms of strain does not mean that growing pains—and distortions—may not begin to make themselves felt as the recovery enters its adolescent stage.

Just how painful the adolescence will be depends to a large extent on consumers, whose purchases so far have been rising more slowly than the increase in their incomes. Consumer expenditures, which slumped during the first quarter of 1961, went up sharply in the second, an encouraging sign to producers of durable goods, particularly to the automobile manufacturers who, after a succession of relatively lean years, have been plagued with doubts about their prospects. They have now regained their old optimism, pointing out that dealers have reduced their stocks of 1961 cars and that the amount of consumer credit outstanding is relatively low compared with incomes; this suggests that if buyers are attracted by the new cars they will be in a position to satisfy their desires.

Barring a strike, output of motor cars will be in full swing during the rest of the year, which will mean rising demand for steel and

other materials, and this will carry the index of industrial production to new high ground. Even if consumer demand rises at a moderate pace industrial output should increase fairly rapidly, approaching a level of 120 on the Federal Reserve Board's index by the end of the year, compared with 102 in February and 112 in July, while the gross national product should be close to an annual rate of \$540 billion for the last quarter, as against \$501 billion in the first and \$516 billion in the second quarter. For manufacturers and retail traders are just beginning to rebuild their stocks, which had been pared to the bone: according to a survey by the Department of Commerce, made before the latest increase in defence expenditures, manufacturers will add \$1 billion to their stocks in the third quarter on the expectation of higher sales and, with orders continuing to exceed shipments, a substantial increase in output seems certain. The prospect for housing is less glittering, but total spending on new construction, which includes commercial and public projects, is at record levels.

THE Administration's anti-recession measures helped to mould the first stage of the recovery and the increase in defence outlays prompted by the Berlin crisis will speed its progress. The new spending will accelerate the rebuilding of stocks and add to both incomes and profits, and—coupled with partial mobilisation—should serve to reduce the level of unemployment considerably faster than the Administration's earlier Budget would have done. Any further increase in expenditures will probably be offset by new taxes, but the decision to increase the probable deficit this year by \$3.5 billion is a stimulating tonic—too stimulating, perhaps, for an economy already showing signs of good health.

Although the President's Council of Economic Advisers is now much happier about the outlook and is willing to concede that the step-up in governmental spending will spur the recovery and produce price increases in specific areas, it sees no danger of an early return of widespread inflationary pressures. Its members argue that there is plenty of room for growth without any strain on resources and they believe that the next stage of the cyclical expansion will continue to be well-mannered. In fact, the White House's economists are hoping that the restocking phase will be followed by increases in both consumer and business spending, which might absorb most of the present unemployment. They do not think that this mature stage will be reached until late in 1962, and at that time they expect a Budget surplus which could be used either to restrain excesses or to extend the boom.

Thus there will be practically no government reins on the economy during its adolescent period of expansion, apart from messages urging management and labour to exercise self-restraint, a course already being pressed on the steel industry by the CEA. Indeed, with government spending being used to whip up activity, the only rein that can be brought into play is monetary policy. Up until now, the Administration has had the backing of the Federal Reserve Board, which is proving as eager to promote Mr Kennedy's objectives of stimulating production and employment as it was to support Mr Eisenhower's aim of maintaining price stability. The money managers have been pursuing an easy credit policy for far longer than they did after the 1958 recession, partly because they feel that inflation is not an imminent threat, partly

because they are sensitive to the criticism that their aggressive tight money policy in the late nineteen-fifties helped to stifle economic growth. But Mr Martin, the chairman of the FRB, who holds that unemployment is a structural problem that cannot be treated by monetary policy alone and who has frequently observed that inflationary booms are the result of too much stimulation during declines, will undoubtedly begin to apply restraint as the demand for funds increases.

Since the beginning of the year, the central bank has managed to maintain the Treasury bill rate at over two per cent by abandoning its previous policy of dealing only in bills (in both 1954 and 1958, the bill rate dropped below three-quarters of one per cent). Shoring up the short-term interest rate has discouraged an outflow of funds to higher yielding markets abroad without interfering with the availability of credit to potential borrowers at home. Now Wall Street is expecting a tightening of credit if only because the demand for funds should begin to mount. With Mr Martin on record as saying that interest rates will go up as business activity rises the market is undoubtedly correct, although the Fed's drawing on the credit reins will probably be gradual. For one thing, demand for credit by consumers and corporations has been moderate; for another, the Treasury will be in the market as a heavy borrower and the money managers will want to avoid any sharp increase in the government's interest costs.

Too ample a supply of credit at a time when Washington is engaged in stimulating the economy makes for a potentially unstable situation. There is no danger as long as consumer demand is slow in developing the business plans for investment in new plant and equipment are moderate in size. But the shape of the recovery could alter decisively if demand undergoes a sudden rise, whether the reason is higher prices, a war scare or the simple but compelling urge to live better. In any event, the ingredients for an explosive rise are present. If this leads to recklessness, the boom may be difficult to control when it reaches maturity.

Half a Loaf for Aid

THE Administration is sensibly putting the best face possible on the arrangement to finance long-term development loans which has emerged from a conference between representatives of the Senate and those of the House and which both chambers are expected to approve without demur. In place of the authority, which Mr Kennedy has fought for so hard and which the Senate gave him, to draw funds for such loans directly from the Treasury—without having to submit an annual request to the legislators—Congress is to authorise the spending of \$7.2 billion in the next five years on development loans and to empower the President specifically to enter into long-term commitments, "subject only to the annual appropriation of such funds." (The President asked originally for \$8.8 billion and the Senate gave him \$8 billion). This amounts to a moral commitment on the part of Congress. But can it be fulfilled and—perhaps more important—will the underdeveloped countries, which must draw up long-term plans, and employees of the Loan Fund, feel that they can rely on it being fulfilled?

Comparisons are being drawn in Washington between the present scheme and the Marshall Plan. Thirteen years ago Congress refused to commit itself, in the authorisation Bill, to any specific amount but it conscientiously provided the money to finish the job. In recent years, however, Mr Passman, the Democratic chairman of the House subcommittee which deals with appropriations for foreign aid, had had no such scruples about providing the sums which Congress has authorised; since 1957, in spite of the efforts of the friends of foreign aid, 23 per cent less has been appropriated than the President—until now Mr Eisenhower—has requested. The great question now is whether Congress will support inter-

national development with sufficient continuing enthusiasm to override Mr Passman and his allies. It is something to be thankful for that the Republicans are identified with the compromise and hence should feel bound to honour the authorisation. At one point Mr Nelson Rockefeller, the Republican Governor of New York, who has strong presidential ambitions, was prepared to go further and support direct financing by the Treasury, but last week he decided to keep in step with his party.

Disappointed as Mr Kennedy must be, after all his hard work, he must realise that it would have needed a miracle to persuade so conservative a House of Representatives to hand over the keys of the Treasury to be used in the interests of foreign countries. And he can be fairly cheerful about the money authorised—but not yet appropriated—for this year. Nothing was cut from his request for \$1.2 billion for development loans, although the ceiling for each of the next four years is set at \$1.5 billion instead of \$1.9 billion. From other programmes a total of about \$500 million has been taken: \$200 million from military assistance, on which the Senate looked askance, \$200 million from the President's contingency fund and \$100 million from "supporting assistance" which helps friendly countries to maintain their armies. In all, the new authorisation is for \$4.25 billion—substantially more than in recent years.

—Nothing for Schools

ON FEDERAL aid for schools—which Mr Kennedy has rightly called the most important domestic legislation before Congress—the President has suffered his sharpest and most painful defeat of the session, even though in the end he was prepared to accept, not half a loaf, but simply a few symbolic crumbs. On Wednesday all but six Republicans in the House of Representatives and 82 Democrats combined to refuse even to consider a modest proposal to give \$345 million for one year to the country's neediest tax-supported schools. Originally the President had asked, and the Senate had approved, a three-year programme costing \$2.5 billion. Linking the scheme with two popular ones which Congress cannot afford to let lapse—federal loans to college students and aid to the so-called "impacted areas," communities whose schools are swamped by the children of servicemen and federal employees—was of no avail. The House knew quite well that it could dispose of these two matters in a separate Bill before it goes home.

In his press conference this week Mr Kennedy explained his defeat rather optimistically on the grounds that everyone is for education, but everyone is for different education Bills. This is certainly true of the Protestants and Roman Catholics; how much difference is made by Catholic support and Protestant doubts may emerge when the House votes on a \$1.5 billion Bill for a five-year programme of grants and loans to help colleges—both secular and church-supported ones—build class-rooms, libraries and laboratories. The Catholics have opposed federal aid for tax-supported schools unless it is also extended to their parochial schools, something which Mr Kennedy, himself a Roman Catholic, declares would be unconstitutional. It is also true that when the President, to conciliate the conservatives, proposed that federal aid should be restricted to the building of schools, he lost much of the support of the National Education Association, the teachers' chief lobby. But such disputes simply made it easier for conservatives in both parties—who opposed even the compromise as an opening wedge for a costly programme—to vote against it. Mr Kennedy has promised, as he was certain to do, to take up the fight again at the next session. At least he now knows who his enemies are and how strong they are. It is no longer possible to lay all the blame at the door of the House Rules Committee, which buried the President's more ambitious original proposals.



A world-wide network of branches

Travel anywhere in the world, you would be hard put to it to find any important industrial or commercial centre where there isn't a branch or a correspondent of The First National City Bank of New York.

In all, there are eighty-three branches in twenty-nine countries, and seven thousand resident National City bankers, helping to finance international trade.

COMPREHENSIVE BANKING SERVICE. But there is much more to First National City's service than its normal day-to-day routine of banking, extensive and efficient as that may be.

Up-to-date credit information on many thousands of foreign companies, a monthly survey of the world's economic trends, and letters of introduction to the managers of any overseas branch or correspondent, are but a few examples of the service The First National City can provide in expanding your overseas business.

Why not put these services to work for you, by contacting First National City now, either at 117 Old Broad Street, E.C.1 (LONDON Wall 1221) or 17 Bruton Street, W.1 (MAYfair 6600).

THE FIRST NATIONAL CITY BANK
OF NEW YORK

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

Reuther and Romney

MR GEORGE ROMNEY, Detroit's *enfant terrible*, who first produced the compact car, so successfully that the other automobile manufacturers were eventually forced to copy him, may have set them another example—and one which they are just as reluctant to follow—by his profit-sharing agreement with the United Automobile Workers. First proposed by Mr Romney's American Motors Corporation a month ago, the contract was agreed in principle, although not in all details, at the end of last week. Mr Reuther, head of the UAW, had just rejected as "woefully inadequate" the first and "final" offer which the three big manufacturers—the General Motors Corporation, the Ford Motor Company and the Chrysler Corporation—had produced only ten days before their contracts with the trade union were due to expire. Now the union, anxious that its members should not lose the extra pay to be earned over the present holiday week-end, has agreed to continue working until September 6th, but a strike seems very likely then. The union plans to close down only General Motors' production lines but the other two big companies may respond to these tactics with a lock-out.

Mr Reuther does not expect the Big Three to accept profit-sharing—not this year, at any rate—but he hopes that his agreement with the much smaller AMC will force them to improve their original offer. This did give some recognition to what is Mr Reuther's main concern this year—the present insecurity of jobs in the automobile industry—by proposing to supplement wages when short-time is being worked and to contribute towards the moving expenses of an employee who transfers to a plant in another city. This is perhaps the seed of the fresh approach to labour negotiations which Mr Reuther needs to bolster his prestige in the trade union movement in a year when he cannot expect to get much, if anything, in the way of straight wage increases for his members. In any case these would do his reputation no good with the country at large or with the Administration at a time when inflationary pressures are rising once more.

But the agreement with Mr Romney goes much farther in the direction of a fresh approach and one which Mr Reuther himself has been advocating for years. AMC is to put 10 per cent of its profits before taxes into a fund out of which will be paid wage supplements during short work weeks, medical benefits, higher pensions and moving allowances. Another 5 per cent of profits will buy AMC shares for the company's workers. Last year each would have got about \$500 altogether. This agreement contains a clause designed to prevent the union from interfering with the way in which the company is being run on the excuse that the workers' share of the profits is being threatened. But the Big Three do not think that this clause is an effective means of countering what, in their view, is the basic and insurmountable objection to profit-sharing—that it involves labour in management's concerns.

Good Sense in the South

FROM A CORRESPONDENT IN VIRGINIA

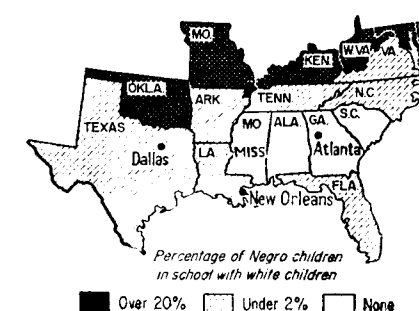
WITH the start of the new school year in Atlanta, Georgia, and Dallas, Texas, two of the largest industrial centres in the South are beginning to comply with the Supreme Court's 1954 decision banning racial segregation in tax-supported schools; Georgia is one of only four remaining states in which until now not even a token number of Negro children have attended a few white classes. Over the past months a new approach has developed towards desegregation in these two cities, as well as in New Orleans, Louisiana, where loathsome demonstrations greeted the appearance of the first Negro children at two white schools last year.

Alarmed at the economic consequences of such performances business groups in these cities have been risking unpleasant repercussions in order to urge restraint on their communities.

For the South's progress towards economic equality with other regions has begun to falter, partly as a result of the recent recession but also because people interested in establishing new industries

HOW MUCH DESEGREGATION?

Southern and border states at end of last school year—May, 1961



Of the 6,663 school districts in the 17 southern and border states and the District of Columbia, 2,813 have both Negro and white children living in them but only 783 had racially-mixed schools last year. There were 10,173,399 white school children in the region and 3,088,261 Negro children. 706,163 of them in desegregated districts and 213,534 actually attending classes with white children.

Source: Southern Education Reporting Service.

have hesitated to come into such potentially disordered places. The individuals who wield power locally—the American counterparts of the British establishment—have therefore set about changing the climate in their areas. They have had two themes—let us have law and order and let us keep our schools open—set against a background of insistence that, while no one is a willing integrationist, the law is the law and that to go on trying to avoid court decisions will damage the community and will be futile as well. This argument provides a ladder by which political personalities can descend with a measure of dignity from the limb of high principle on which they had stranded themselves.

The Dallas Citizens' Council, a highly-representative 250-member body, headed by the president of the local electricity company, has succeeded in gaining the co-operation of a range of organisations—the Bar Association, the Medical Society, the Council of Churches—and has held meetings with a similar group from the Negro community. The council is interested in all points of racial friction, not merely in the schools; its first quiet accomplishment was a pre-arranged city-wide desegregation of restaurants and it has been pressing employers to make more jobs available to Negroes and for the opening of more recreational facilities to them. The new school year begins in Dallas on September 6th; of an enrolment of some 140,000 in the tax-supported schools about one in six is Negro. No announcement as to where, or how many, Negro pupils are to enter white schools will be made in advance; they will all be six-year-olds going for the first time. Meanwhile wide circulation has been given to a pamphlet, "Dallas Opportunity," to leaflets and to a home-made documentary film in which substantial citizens from a variety of occupations urge that the city be kept "a good place to live in." Clergymen were asked to take their holidays early so as to be in their pulpits and ready to give advice during the days before term starts. The Mayor has stated publicly that "our law enforcement authorities have ample means to be very helpful if a disturbance arises."

In Atlanta, where school opened this week, nine Negro pupils entered the two top classes of four high schools without disturbance. There the power structure was organised less formally than in Dallas but used similar methods of obtaining signatures to statements, getting positions taken by organisations and so on. Last May General Lucius Clay, who now heads one o

for your stay in the USA HILTON HOTELS provide an extra measure of pleasure

A good hotel—a Hilton Hotel—will certainly enhance the enjoyment of your visit to the States. Our people are naturally friendly, trained to appreciate the fine points of courtesy, and quite sensitive to the needs of guests from wherever they may hail. This is our reputation the world over.

Hilton Hotels and Hilton Inns form a network of comfort and hospitality across the nation. Nearly every major city has its Hilton Hotel, accommodations are moderate in price and reservations can be made in seconds for each one of them, through any Hilton Hotel in the world. For information, communicate with any Hilton Hotel or the London Office, 36 Hertford St., tel. HYDe Park 8888, or the Amsterdam Office, Apollolaan, Amsterdam-Z, tel. 73-06-22.



CONRAD N. HILTON, PRESIDENT
Executive Office • The Conrad Hilton • Chicago 5, Ill.

HILTON HOTELS AROUND THE WORLD
NEW YORK
 The Waldorf-Astoria
 The Statler Hilton
 The Savoy Hilton
CHICAGO
 The Conrad Hilton
 The Palmer House
ALBUQUERQUE
 Hilton Hotel
ATLANTA
 Hilton Inn (airport)
AURORA, ILL.
 Hilton Inn
BOSTON
 The Statler Hilton
BUFFALO
 The Statler Hilton
CINCINNATI
 The Netherland
 Hilton
 The Terrace Hilton
CLEVELAND
 The Statler Hilton
COLUMBUS
 The Desler Hilton
DALLAS
 The Statler Hilton
DAYTON
 The Dayton Billmore
DENVER
 The Denver Hilton
DETROIT
 The Statler Hilton
EL PASO
 Hilton Hotel
 Hilton Inn (airport)
FORT WORTH
 Hilton Hotel
HARTFORD
 The Statler Hilton
HONOLULU
HAWAII, U.S.A.
 The Hilton
 Hawaiian Village
HOUSTON
 The Shamrock Hilton
LOS ANGELES
 The Statler Hilton
BEVERLY HILLS
 The Beverly Hilton
NEW ORLEANS
 Hilton Inn (airport)
PITTSBURGH
 The Pittsburgh Hilton
SAN FRANCISCO
 Hilton Inn (airport)
SEATTLE
 Hilton Inn (airport)
ST. LOUIS
 The Statler Hilton
WASHINGTON, D.C.
 The Statler Hilton
BERLIN
GERMANY
 The Berlin Hilton
CAIRO, EGYPT
UAR
 The Nile Hilton
ISTANBUL, TURKEY
 The Istanbul Hilton
MADRID, SPAIN
 The Castellana Hilton
MEXICO CITY, MEXICO
 The Continental Hilton
ACAPULCO, MEXICO
 Las Brisas Hilton
MONTREAL, CANADA
 The Queen Elizabeth
 (A CNR hotel)
PANAMA, R. P.
 El Panama Hilton
SAN JUAN, P. R.
 The Caribe Hilton
ST. THOMAS, U. S. VIRGIN ISLANDS
 The Virgin Isle Hilton
SANTIAGO, CHILE
 The Hotel Carrera
ASSOCIATED HOTELS IN AUSTRALIA
MELBOURNE
 The Chevron Hilton
SURFERS PARADISE
 The Chevron Hilton
SYDNEY
 The Chevron Hilton

Have you one of these in your boardroom?



Yes, an ordinary penny. Cheapest and simplest piece of boardroom equipment on the market. Heads, we do it this way, tails we do it that. Decisions without tears.

More seriously, though, even in the best-regulated boardrooms chance still plays its part in the making of decisions—and in really big business an unlucky guess can cost thousands, even millions, of pounds.

By helping top-level management to cut the element of chance to a minimum, C-E-I-R, the world's largest independent commercial computer services organization, has already saved literally millions for government and industry. Backed by a staff of highly qualified economists, mathematicians, statisticians, scientists, and computer specialists, and equipped with the most powerful force of independently operated computers in commercial use today, C-E-I-R can handle on your behalf any problem, large or small, capable of solution by logical or mathematical means. And that means practically any marketing, distribution, production, or development problem.

At the new C-E-I-R Centre in London, with its IBM 7090 and 1401 computer facilities, your own staff can work with ours if you wish, with offices provided—and they can use the computers on a by-the-hour hire basis. Ask your secretary to write or telephone for more details.

C-E-I-R

(U.K. LTD.)

OPERATIONAL RESEARCH · SYSTEMS ANALYSIS ·
LINEAR PROGRAMMING · DATA PROCESSING ·
MARKET SURVEY ANALYSIS · BUSINESS
STRATEGIES · CONSTRUCTION PLANNING ·
STATISTICS · MATHEMATICS · COMPUTER TIME

Main Office: 84 Kingsway, London, W.C.2. Tel: CHAncery 1551

the country's largest corporations which spends about \$30 million in the state each year, emphasised the importance of his company's operations to state and local tax receipts in a public speech and warned reactionary fellow Georgians that "none of us want to locate in areas where there is serious risk of conflict between local custom and federal law." Atlanta is the economic centre of the south-eastern region and more and more Atlantans agree with the admonition of the president of the city's Federal Reserve Bank:

A plant that does not come here does not eliminate employment opportunities and the wealth we might have had for a day or a month or a year but for decades. . . . If we behave like a banana republic we shall get and deserve the economic rewards characteristic of a banana republic.

In Dallas and Atlanta, New Orleans has been held up as an example to be avoided; this has stung the pride of Louisiana's big port, an urbane, cosmopolitan city which was shocked last year by the sudden evidence that "it could happen here." Several more schools are to be integrated in New Orleans this autumn but the

situation there is exceptionally complicated. Until recently the constructive lead given by newspapers in Atlanta has come in New Orleans only from one wireless station. The sharp differentiation between social layers makes it difficult to organise leadership in New Orleans and there is acute antagonism between the authorities in the Roman Catholic city and the state government dominated by rural and mainly Protestant interests. A further problem is the existence in New Orleans of a large Catholic school system which is to be integrated when the city schools have been desegregated "effectively." But recent weeks have seen the appointment of a tough and vigorous Roman Catholic archbishop-coadjutor, the formation of a determined group of businessmen, the establishment by the school board of an advisory council to improve the climate and articles in newspapers declaring that "the public schools must be kept open even if some mixing results." All this provides identifiable and highly-respected opposition to the racists.

But even if the schools open this autumn in the South without serious incidents, will this mean that determination to comply with

More Wages, Fewer Hours

FROM A SPECIAL CORRESPONDENT

THE increases in the minimum wage and in the number of workers who are protected by the Fair Labour Standards Act, which Congress approved in May, go into effect next week, on September 3rd. For the first time in the history of the 23-year-old Act new groups of workers are to be brought under its protection; 3.6 million of those hitherto uncovered will have to be paid at least \$1 an hour. The new amendments also require that the 23.9 million workers already covered by the Act receive at least \$1.15 an hour—15 cents above the present floor. After two years this will rise automatically to \$1.25 an hour. Newly-covered workers will not be guaranteed this much for five years.

The largest and most significant group of the newly-covered workers (2.3 million) is engaged in the retailing and service industries. Roughly 663,000 of them—mostly shop assistants—are now receiving less than a dollar an hour and the Department of Labour estimates that in the coming year alone the compulsory rise in wages will cost retail traders \$173 million. Even after next week only 31 per cent of the 7.5 million men and women who work in shops will be protected. This is because the law will apply only to retail enterprises that have annual sales of more than \$250,000 a year from other states. Any store with annual sales of less than \$250,000 will be exempt. In addition to shop assistants, those brought under the Act for the first time include seamen on vessels flying the American flag (100,000), telephone operators at small exchanges (30,000) and—for wages but not hours—employees in public transport (93,000) and construction workers employed by large firms (about 1 million).

It had been hoped to extend the safeguards of the Act to even more people, but

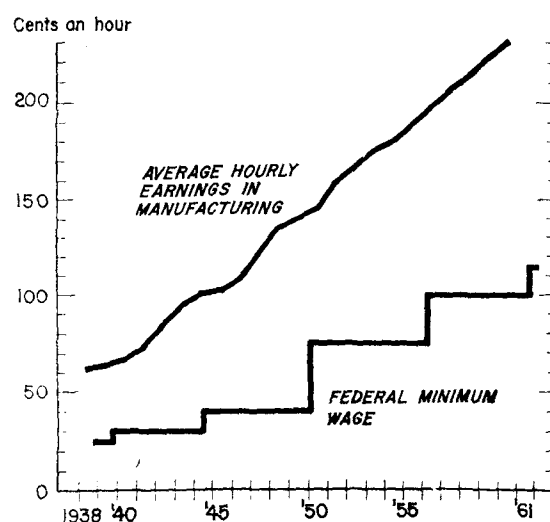
there was heavy pressure on Congress from the industries concerned and President Kennedy might not have carried the day if certain concessions had not been made. A few workers formerly covered actually lost their protection and Congress failed to extend the Act either to the 305,000 employees of motor-car dealers or to the 140,000 in laundries, although Senator Morse protested that "laundry workers are the largest group still working under sweat-shop conditions." Thirty-three states have minimum wage laws, but only 14 protect men as well as women.

Many people feel that the changes regarding overtime may turn out to be as important as the increases in the minimum wage. Workers already covered by the Act receive pay at the rate of time and a half for all hours over 40 a week. The newly-covered workers are not affected by the overtime provisions during the first two years, but at the end of the second year they will be paid time and a half after

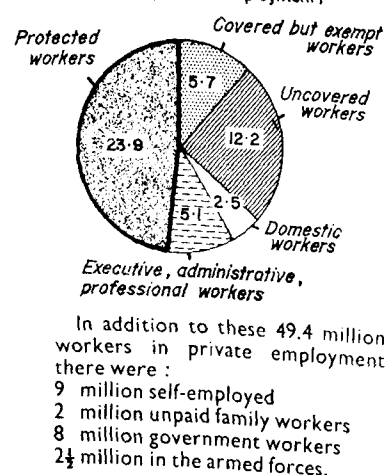
44 hours, in the fourth year after 42 and in the fifth year after 40.

The Department of Labour is asking for more wage and hour investigators to police the new provisions. The government hopes to secure compliance without resorting to compulsion but if this is necessary it can take employers to court and force them to pay up. The fine for a first violation may be as much as \$10,000 and continued refusal to comply may lead to six months in prison. Administering the Act will be somewhat easier now that all employees of any enterprise doing an annual business of \$1 million or more a year will be covered if any of them are. In the past investigators had to determine which workers were engaged in interstate commerce; they alone were protected.

The big difficulties in enforcing the Act will come in 1964 when the overtime provisions will start to be applied to shop assistants. But by that time the trade unions will probably be pressing both for another increase in the minimum wage and for the extension of wage and hour protection to those workers in the retailing and service industries who are still excluded.



COVERAGE OF THE ACT 1960
(millions in private employment)



Markets Under a Microscope

NEW YORK

CONGRESS has agreed with the Securities and Exchange Commission, Washington's watchdog over Wall Street, that the time is ripe for a thorough investigation of the securities business. The SEC is to get \$750,000 for the purpose; it is to present its report to Congress at the beginning of 1963 but may recommend interim changes before that. The SEC has already embarked on special enquiries into mutual funds (unit trusts) and the American Stock Exchange; but the new investigation will have the broader objective of gathering information on virtually every phase of market activity to determine whether the SEC's present rules and practices, together with the self-policing activities of the stock exchanges and other groups, provide adequate protection for the growing numbers of small investors.

Two fields that have been earmarked for special attention are the mutual funds, which now boast assets of \$20 billion, and the over-the-counter market. The SEC will take a close look at the activities of salesmen who tout the shares of mutual funds on a door-to-door basis and it will examine the relationship between the funds and the firms that manage their portfolios; it wants to know, for instance, whether the fees paid annually for professional management (usually from 1/2 per cent to 1 per cent) are unduly high, and whether the portfolios of some funds are turned over excessively in order to generate more commissions for stockbrokers.

At present the over-the-counter market is free of many of the rules and restrictions applied to securities listed on the exchanges and the SEC will consider whether this state of affairs, which makes it almost impossible to detect manipulation, should be ended. Securities that are traded over-the-counter do not, for instance, have to comply with the principle of "full disclosure" forced on listed securities by the SEC. The double standard also shows up in the use of credit. In the case of listed shares, the Federal Reserve Board limits the amount of credit that banks and brokers can extend; at the present time an investor must produce cash for 70 per cent of any such purchase. But there are no restrictions for over-the-counter issues. As a result, there is no shortage of credit for the would-be manipulator of the market.

The proposed investigation has been prompted by a number of developments: the uncovering of the fraudulent activities of a firm of specialists on the American Exchange; the violent swings that have occurred in prices of small and speculative new issues, suggesting that factors other than the laws of supply and demand may have been at work; the fact that the New York Stock Exchange felt called upon to warn the public against uninformed speculation in over-the-counter issues; and the sheer volume of trading in recent months. For the most part Wall Street has turned a blind eye to increasing signs of abuse, regarding them as an inevitable consequence of the prolonged bull market.

Belatedly and somewhat grudgingly, it is beginning to recognise the need for action. The American Exchange has tightened its regulations and the National Association of Security Dealers (the over-the-counter trade organisation) has been more active in penalising erring dealers. Meanwhile, the mutual funds have finally agreed to adopt a code of ethics which, it is hoped, will curb some of the high-pressure selling of shares on the one hand and, on the other, restrict the turnover in investments. In addition, a few mutual funds have reduced the charges levied for the management of their portfolios, partly because of a rash of suits by stockholders claiming that fees have been excessive, partly in order to forestall the questions of the SEC. One of the main objectives of the new inquiry will be to see whether the present system of allowing the financial community so much freedom to police itself can cope with the emerging mass market for equities.

the law of the land has now got over the hump of massive resistance? Certainly the Supreme Court's decision is being accepted, however grudgingly, by a broader section of the community. Last year the groups which confronted each other were SOS (Save Our Schools), HOPE (Help Our Public Education) and other liberal elements, some of whom believed in integration as a principle, with GUTS (Georgians Unwilling To Surrender), White Citizens' Councils, Defenders of State Sovereignty and similar racial die-hards on the other side. But the pessimists' view of the future suggests that Dallas and Atlanta, sophisticated urban centres, are the last major areas where desegregation can be had relatively easily, that what remains, mainly schools in backward, prejudiced rural districts and small towns, is the harder part of the task, with sporadic violence to be expected.

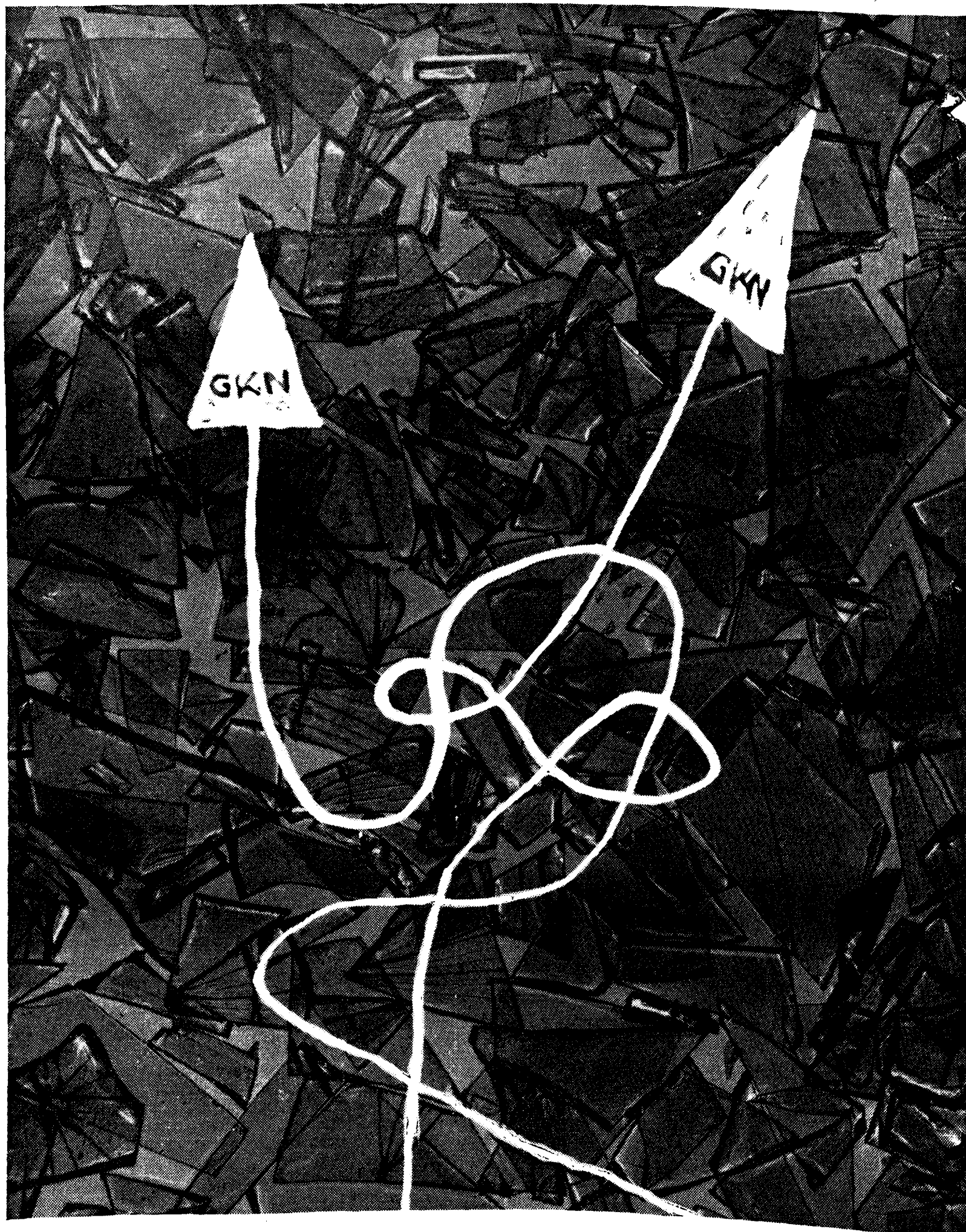
But in both Atlanta and New Orleans this year's effort to muster business opinion has been on a state-wide scale and the new industrial plants in the South are mostly in rural areas. Thus the effects of the firm stand taken by financial and business leaders are likely to spread. Further, the lack of any alternative to compliance is being underlined constantly, most recently in Virginia last week and in Louisiana this when rulings on two court cases constituted a clear warning that tax-supported schools may not be closed in order to avoid integration. Moreover fourteen southern school districts are desegregating voluntarily this autumn without waiting for the court orders which have forced integration on Atlanta and Dallas.

Cautious Call-up

LAST week, for the first time since the Korean war, army, air force and navy reservists received notice that they were being recalled to active duty. Of the total of 76,500, over half are destined for the army, to provide the supporting units in engineering, communication, transport and so on needed by the three training divisions in the United States which are scheduled to be turned into combat units, ready to go overseas, by December. The United States hopes by its example to encourage other members of the North Atlantic Alliance to increase their own contributions.

The present call to the colours represents a very modest use of the authority which Congress gave the President last month to mobilise up to 250,000 reservists without having first to declare a state of emergency. One of the reasons for this caution is that many people still remember with anger that reservists with careers and families had to bear much of the first brunt of the Korean war although there were millions of younger men in the country who had done no military service. Mr McNamara, the Secretary of Defence, hopes that volunteers and young conscripts will provide most of the quarter of a million men whom it is planned to add to the forces. The draft, the monthly call-up of young men, which averaged just over 3,000 up to August, has been raised to 25,000 for September and 20,000 for October and it is already having the desired result of encouraging voluntary enlistments.

Another reason for not depending more than is necessary upon reservists is that under the present law they must be released after a year. Unless the likelihood increases of war over Berlin, the Defence Department wants to go cautiously, and without panic, about the job of building up the forces for all the various crises, in other parts of the world, which they may have to meet in the coming years. At present the Army is only being allowed to add about half the 133,000 men it needs to create the million-man force for which Congress has just provided the money. This leisurely pace is a disappointment to officers who have hopes of adding two more divisions to their present fourteen and there are grumbles from critics who fear that the United States may be falling between the nuclear and non-nuclear stools.



WE DO NOT FLY JETS

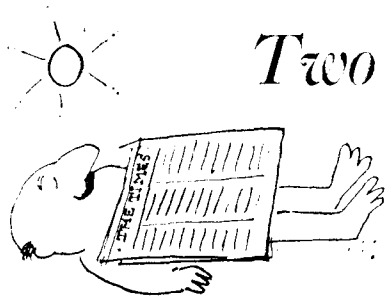
We do not convey V.I.P.'s at a supersonic whisper, nor do we swoop from the stratosphere to attack—or defend; but we do help, in many ways, to make modern civil and military flying possible. Runways, for instance: there is GKN steel reinforcement in many acres of concrete, both on and off the actual airfield. To the manufacture of aircraft, GKN companies contribute both welding and toolmaking equipment. But there is also a great deal of GKN steel in the air. Top quality steel. Some of it in spars, and some in aircraft engine forgings. Some of it is only GKN material, but much of it is in the form of finished articles manufactured by GKN companies: turbine and compressor blades; stainless steel fabrications; laminations for generators and electric motors; and the all-important fastenings for which so many modern manufacturers turn to us. Aerotight Nuts are a GKN patent. And fastenings such as Bolts in Titanium Alloys and Ultra High Tensile Steel come naturally to us—and from us. In flying, as in many other things, the over 80 engineering and steelmaking companies which make up the GKN Group are helping to keep things together—and to keep them moving.



* Guest, Keen & Nettlefolds, Ltd., Head Office, London Works, Smethwick 40, Staffs.

THE WORLD OVERSEAS

Two Englands on the Costa Brava



FROM OUR SPECIAL CORRESPONDENT



Two long-haired youths stood on the edge of the beach snarling obscenities and pointing loaded harpoon-guns at each other. Their companions howled and booed and urged them on. A heavy schoolmasterly man thrust his way into their midst. "Now come along, chaps," he said, "sort it out like Englishmen—with razor-blades or bicycle-chains or something."

A little way along the beach sunbathers were suffering from the proximity of a gang of schoolboys whose time was divided between twisting the arms of their smaller brethren and throwing sand, pebbles and Coca-Cola bottles at one another. A Swiss lady rebuked them once or twice in awkward English that merely provoked guffaws. At last she walked over to a British couple who had recently arrived at her hotel in a bright new Jaguar. "Please," she said, "can you persuade your compatriots to act civilised?" She could not be expected to know that "compatriot" is the sort of title Britons bestow sparingly. The Jag-man squirmed in embarrassment. "You don't mean," he said weakly, "that those... those creatures are English?"

Your correspondent sat only a few yards away, trying desperately to look unEnglish and conceal an Eric Ambler paperback in the arid bulk of *La Vanguardia*. Neither offered any escape from the crisis. *La Vanguardia* carried a piece about hooligans battling with police in a "typical English street." And here was one of Mr Ambler's characters telling his wife (the quotation is from memory): "You think all Englishmen are lords. But I know them—I was with the tommies during the war. They are ignorant and ugly and have bad teeth." It was not a day for sporting a Union Jack pennant, or even (like those quaint French-speaking Glaswegians) an *Ecosse* plaque, on one's car.

Up to a few years ago, the average British tourist in the main Continental resorts was rarely egregiously alien, however much it flattered him to be considered "eccentric." More often than not, he appreciated good food and wine, and had agreeable manners, and someone in his family usually spoke tolerable French; only his overdressed and presumably colourblind womenfolk were apt to provoke pitying smiles. His children are even more at home on the Continent: you will find them any day playing beach-games, flirting, dancing *sardanas*, and singing in taverns with French, German, Dutch and Scandinavian youngsters as unselfconsciously as if European union were already a fact. But the discovery of the Costa Brava as a cheap holiday centre has brought British travel-agencies a new kind of clientele; and the Continental holiday-makers who also flock to the Spanish Mediterranean coast are acquiring an entirely new conception of the typical Englishman—and woman.

No-one will ever again mock English prudery who has witnessed a lady from Wakefield or Woolwich dressing on a crowded Spanish beach and struggling to cram a half-gallon bosom into a three-pint bra. Continental males are surprised—and often gratified—to

discover how high a proportion of the English girls they see on the Costa Brava are unescorted and unchaperoned, except by each other; and on this level Anglo-Continental integration is speedy and mutually satisfactory. ("The boys out here are smashing," two Liverpool typists raved. "They've got character. At home you meet nothing but Teds and imitation Yanks.") French, Spanish and Scandinavian youths still knock nostalgically, usually late at night, on the door of the house in Blanes that was rented by five English nurses last July.

So far, fair enough. But marriage, Continental observers remark, seems to sour the New Englishwoman. Her voice tends to acquire a cutting edge. Genial Spanish customs like sitting out in the street in the evening now irritate her ("what would the neighbours say if we did that in Derby?"). She becomes a compulsive nibbler: her morning, for example, is devoted to a continuous throughput of potato crisps, *churro*, fruit cake, chocolate, cheese sandwiches and soft drinks which she leaves lying in the sun until they are hot. Her husband is generally a silent chunky man who sits on the beach in his socks, glancing gloomily at the *Express* and *Mirror*. At 11.55 he moves to a refreshment stall and spends the next hour sadly swallowing beer out of a litre glass. Back at their *fonda* they both discover that they have little appetite for lunch and grimace over the olives and aubergines.

The New English Tourist cohabits uneasily with the old. ("Are they English?" a little girl asked her mother, pointing to a group fifteen yards down the beach. "Yes, duck," mother replied, "but they sound like toffs: keep well away.") And the old-school tourist prefers French, Swiss or German company on the beach to the proximity of lower-caste fellow-countrymen. ("We stopped going to Majorca," the Norwich business man said, "because it was over-run with Coventry nut-tighteners. And now you can't sit on the beach here without Cockney delinquents flinging sand in your eyes. We shall go to France next year.")

Ticket-agents and cabaret-owners have been quick to capitalise English caste-allergies. One agent admits that while he sells tickets for a local cabaret indiscriminately to Continental tourists he tells English inquirers that the "club" is "exclusive" or "selective" and puts on an act of weighing up their social eligibility before accepting their money. "English tourists enjoy even a third-rate show," he says, "if they think other English tourists are being excluded; and they're happiest when there are no other English." Even when buying tickets for a bullfight excursion his English clients sometimes require an assurance that they will not be seated in the vicinity of "all that coach-tour riffraff." To minimise embarrassing confrontations between England's two nations, the more expert travel-agents and house-renting firms are beginning to adopt a policy of *apartheid*, guiding "better-class" families to the beaches around Bagur, Palafrugell, Palamós and S'Agaró, the non-U to Lloret, Tossa and Blanes, and doubtful cases

to Estartit and San Feliu. Coping with Englishmen is almost as complicated as being one.

No other people represented here (excluding one's Spanish hosts) is riven in quite this manner, and the detribalised Englishman, embarrassed and a little ashamed, is apt to blame the Affluent Society and to mutter that if other countries' working classes developed a yen for foreign tourism we should see some of their dirty washing, too. But this is sheer escapism. French lower-middle and working-class families, for example, already outnumber their British equivalents on the Costa Brava, but they do not stand out so conspicuously from their wealthier compatriots. They eat the same kind of meals, at the same times, as their more elegant neighbours, and have received a similar basic education; they have, and are conscious of, a common cultural background. Worker and professional man can play bowls and drink an apéritif together without unease or condescension on either side.

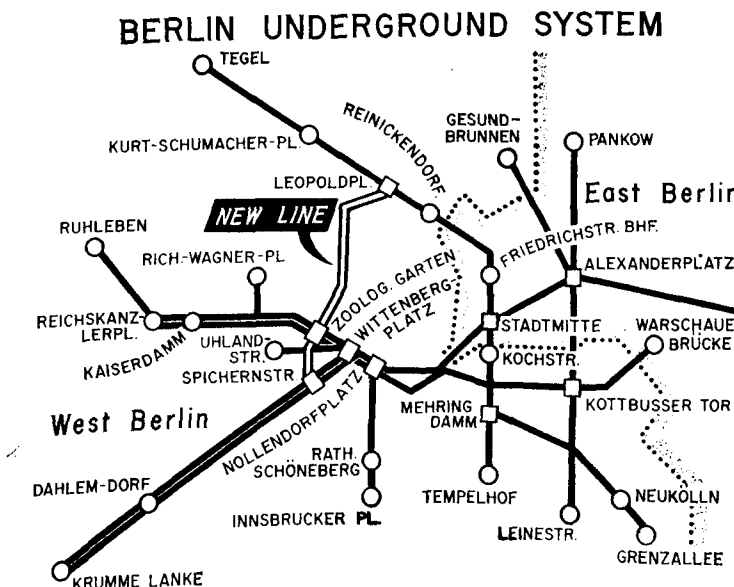
Clearly, the problem is a cultural one, not one of "class" or income-group. Equally clearly, many of the emotional undercurrents responsible for Britain's ungainly approach to Europe derive from differences of outlook between its educationally privileged and educationally underprivileged citizens—the former conscious of belonging already to the mainstream of European culture, the latter cultural outsiders even within their own shores. Western European integration is at last on the horizon; but where is the statesman bold enough to set about integrating England's two nations?

Berlin Faces Adversity

FROM OUR SPECIAL CORRESPONDENT

ONE would like to write reassuringly about the future of west Berlin: "Say not the struggle naught availeth," and more in that vein. But the truth is unpalatable: all those who over the past sixteen years have backed, morally and materially, the singular status of Berlin are in danger not only of having to eat their proud words but also of losing their investment.

With the authority of the Soviet Union behind him, Herr Ulbricht has said that the disruptive measures taken by his government in Berlin since August 13th are provisional: "The final establishment of normal relations will follow in connection with the peace treaty." The peace treaty, recognising east Germany as an independent sovereign state, will be signed, he has again reminded the world, by the eastern block countries before the end of the year. Before then, the three western powers concerned and the Federal Republic should negotiate with the Soviet Union and



the Democratic Republic with the object of determining the status of a "free city of west Berlin" surviving within the east German state borders. And Herr Ulbricht has restated his conditions for sparing west Berlin from immediate absorption. They include "demilitarisation"; the dissolution of western (not eastern) intelligence agencies; the liquidation of RIAS, the American-sponsored radio station which employs 470 persons in its effort to transmit round the clock to east Germany; the withdrawal of all agencies of the west German government; and recognition of the Democratic Republic's right to control all traffic to and from west Berlin by land, water and air.

So far as can be seen, there is to be no easing of these terms. The east German ministry for foreign affairs is sedulously putting it about that even final recognition of the Oder-Neisse line by the West would not now buy a single concession, either in Berlin or anywhere else. In the circumstances of past communist performance and present ambition there is no justification for supposing that the sovereign east German Democratic Republic would let many months go by before finding an excuse for obstructing commercial traffic and seizing the whole of Berlin—of course, at the request of its peace-loving population. The necessary pressure could be exerted without touching the allied garrisons. Has not everybody that matters said there is not going to be a war about Berlin? Herr Ulbricht is feeling very confident; and this weekend, with that symbolic visitor, Major Titov, at his side, the last thing that will be troubling him is the testimony of the refugees.

A pretence that west Berlin has an independent future is still being bravely kept up by western politicians inside and outside Germany. But the west Berliners themselves are not being taken in. There are just over two million of them, and everyone old enough to think is reviewing his or her individual chances, and canniest course of conduct, in the event of a drastic change of regime in the not distant future. There are no signs of panic. Spectacular as its rise has been, and harsh as its meaning is, Herr Ulbricht's wall has affected the daily lives of relatively few. West Berlin's food supplies, even its milk and vegetables, have long been coming almost wholly from the Federal Republic, not from across the sector boundary.

Many families have been separated, at least for the time being; it is not yet possible to assess how magnanimously inter-sector passes will be issued, or with how much pettiness they will be withheld. Approximately 52,000 east Berliners have ceased to contribute to the daily work of west Berlin; and when the new term begins some sixty teachers and 3,000 students and school children will be "absent, wallbound." The great majority of west Berliners have not been in the habit of visiting east Berlin; the new difficulties therefore do not affect them. West Berlin's transport system is functioning neither more nor less normally than it has since the city was formally partitioned in 1948. The trams have long made the sector boundary their terminus.

The underground, which is controlled by west Berlin, runs as much north and south as east and west, so that some lines go conveniently through without touching east Berlin. A new line doing this, running from the Leopoldplatz via Kurfürstendamm to the Spichernstrasse, was opened this week six days ahead of schedule. (It is characteristic of west Berlin's financial plight that the bill, 198 million marks, is being paid from Bonn, like so many of the city's bills. And it is characteristic of Bonn's unteachable insensitivity that the west German minister of transport, Herr Seebohm, an unabashed irredentist if ever there was one, is expected in Berlin today, Saturday, for the formal retrospective opening ceremony.) Where a line runs for a stretch through east Berlin and re-enters the west, the Berliners' long-practised knack of making things work comes strikingly into play. Thus underground trains leaving west Berlin at the Kochstrasse now trundle non-stop to Reinickendorf, where they are once again in west Berlin. The six east Berlin stations through which they pass, including Stadtmittel



U-Bahn station: chain and padlock

and Friedrichstrasse Station, have been made inaccessible to the east Berliners by chain and padlock. The overhead Stadtbahn, which is administered from east Berlin, is running normally, but the majority of west Berliners are boycotting it in order to deprive the enemy of a useful source of west marks. It is claimed that since August 13th the number of S-Bahn passengers in west Berlin has dropped from 500,000 to 100,000 a day.

Speeches and promises concerning material support are still the order of the day. So long as west Berlin remains its protégé the Bonn government will assuredly continue to pump in the various subsidies that now total DM 1,600 million a year. Thanks to the studied co-operation of west German industry, the west Berlin factories have orders that will tide them over a long period. The big engineering firm of Borsig is advertising on the hoardings all over west Berlin this week for new hands. Siemens, AEG, Telefunken and Daimler-Benz are doing the same in the newspapers. The German subsidiary of Philips announced at the opening of the current radio and television show that it was enlarging its existing west Berlin plant by nearly half. Presumably these prosperous undertakings, whose eggs are in many baskets, can afford to risk some losses.

But west Berlin, which, subsidies apart, has to live from industry and tourists, is already in fact at Herr Ulbricht's mercy, since he controls all the routes through which west Berlin industry receives its raw materials and sends its goods to market. It is probably too late to stop the juridical power being added to the physical control in his hands. Will it be long after that before Herr Ulbricht's mercy runs out?

Question Mark over Northern Rhodesia

FROM OUR SPECIAL CORRESPONDENT

IN the calm of Oxford this Friday, September 1st, the Colonial Secretary was due to lecture Mr Kenneth Kaunda and other African leaders on "racial tensions." In Mr Kaunda's country, Northern Rhodesia, on the same day, it was an even bet that a school would be destroyed and a chapel burnt down. Question-time at the Oxford conference may be too academic or too polite an occasion for Mr Macleod's audience to ask whether the disturbances in Northern Rhodesia are going to continue sporadically for an indefinite time or whether Britain is seeking a happier outcome. But that is now the main question being anxiously asked in Northern Rhodesia.

There is no doubt that if Mr Kaunda and the Liberal leader, Sir John Moffat, return from their present visit to Britain without gaining the two constitutional modifications they are asking for, the disturbances will increase. The familiar gloomy pattern of revolt and repression will follow. Sir John and his Liberal ministers will resign and hand over to United Federal party politicians who show every sign of wishing to follow the recent advice of one of

their Federal Assembly colleagues and demand that "intimidation be put down with a show of colossal force." Eventually the British Government will appoint a commission of inquiry and the country may be allowed to take a deep breath and start again.

Senior officials of the Northern Rhodesia government claim that they saw all this coming. They warned the British Government that any drastic changes to the February White Paper would bring disorder. Now their chief hope is to damp down the fires of protest as much as possible while an election is hurried through to save Britain's face, and then talks on another constitution can begin. Most of them acknowledge the folly of this process, the risk that Mr Kaunda and other reasonable leaders may become sacrificial victims and the certainty that the faltering economy will sag further.

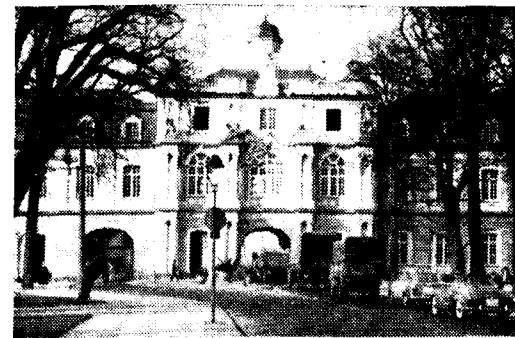
There are other risks too. Northern Rhodesians were preparing themselves for a transition to African majority rule which promised to be nearly as smooth as Tanganyika's. Now the parliamentary prospects are a sharp racial division with a few officials holding an uneasy balance, and then an abrupt plunge into African domination. Racialism, which so far has been mercifully absent from the disturbances, in which Africans have attacked the emblems of foreign authority and not the foreigners themselves, will almost certainly gain hold of emotions. The hard won successes for African industrial advancement will be jeopardised. After a year's negotiations the European Copperbelt workers have accepted from the Keir report the principle of non-racial technical education. But another murder like that of Mrs Burton last year could undo all this work. A mainly Afrikaner force of 800 local defence volunteers has been raised on the Copperbelt and linked with the Federal army in preference to the territorial police. This organisation may prove more than a mild headache to the Northern Rhodesia government if disorder increases.

ATTITUDES among the country's 70,000 Europeans vary more than an outsider would expect. There is the self-described "hard core of determined Whites" on the Copperbelt who look on a black majority as a foretaste of purgatory. There are the politicians and business men wholly committed to Sir Roy Welensky's Federation. But there is also a surprisingly large number of business and professional people as well as administrators who think the proposed constitution is harmfully delaying the inevitable, and bleeding the country in the process. This attitude has been manifest during the last fortnight's controversy over an attack on federation made by the mayor of Lusaka in front of the Governor and the United Kingdom High Commissioner, Lord Alport. The mayor, Mr Richard Sampson, complained that the economic structure of the Federation, as developed by the federal government, "is of such a nature as virtually to bar the establishment of industry in the north." Of the little industry Northern Rhodesia possesses, he said, some 90 per cent was already established "before the federal government got into its stride." Although anonymous heroes like "Vigilante" and "Disgusted" have maintained a steady barrage of newspaper letters against Mr Sampson ever since, there is also wide support for his forthright words.

The mayor's argument cannot indeed be gainsaid. The new finance minister, Mr Gardner, though less outspoken than this about federation, ended his recent budget speech with an acknowledgment of "strong feeling in the territory that Northern Rhodesia deserves a better fiscal deal." As for development, although last year's gross domestic product was a record £219 million, this was mainly due to the favourable copper prices. Mr Gardner could only praise the territory's year-old industrial development corporation for its promise rather than its performance. He had to give a warning that a 20 per cent income tax surcharge would almost certainly be imposed next year. With architects and merchants

Continued on page 886

Bonn's Street of Power



University Arch



Street Scene

FROM OUR BONN CORRESPONDENT

ONCE upon a time it was the metropolitan Wilhelmstrasse that served as a local habitation and a name for German policy-making. Today the provincial Koblenzerstrasse is being pressed, or rather widened and built up, into a similar service. If not yet greatness, at least an immense load of concrete and paper is being thrust upon it. Neither for old Bonn nor old Wilhelmstrasse hands are things what they used to be. True, the Koblenzerstrasse houses such dignitaries as the president of the republic, the chancellor, the foreign minister, and a foreign ambassador or two, just as the Wilhelmstrasse did in the old days. All the same, many of the nameplates on the new and the old buildings would make strange reading to Bismarck or Hindenburg. A different society has set up shop in and around the Koblenzerstrasse, a society with changed components and manners, of which the thrusting political and commercial pressure groups sometimes seem to be the most conspicuous and influential.

Still accurately named (though it must be in mortal danger of becoming the Konrad-Adenauer-Strasse), the Koblenzerstrasse is the main road leading out of Bonn to Koblenz, forty miles to the south. Long and straight, it runs parallel with and at a distance of about three hundred yards at most from the Rhine. Near the Bundeshaus, it changes its name to Friedrich-Ebert-Allee, the hell-for-leather driving strip between Bonn and Godesberg that accommodates such important spill-overs as the German Red Cross, the Social Democrats, the Volkswagen repair station, the Coca-Cola plant and the British Embassy. (The French and the Americans, who gave up hope of finding room in Bonn, are installed even farther south at Godesberg and Mehlem.)

The 1903 edition of Baedeker's *Rhine* describes the Koblenzerstrasse (then spelt with a C) as being "flanked with villas and gardens for about 1m beyond the Coblenz Gate (steam-tramway to Godesberg). Among them is the Royal Villa for royal princes studying in Bonn." Most of the gardens, none of the princes, and a few of the villas remain. One of the villas, the Villa Hammerschmidt, is the Federal

President's residence. (As befits the realities of power, the chancellor and his strong and silent men work in a palace, the Palais Schaumburg, which is more or less next door.) At another villa, Number 108, the Misses Edith and Ingeborg Freudenberg gamely keep on teaching the piano and gymnastics. Others have been taken over by public officials with small staffs, such as the federal minister who handles the central government's relations with the states (Länder) and the Bundestag's overseer of the armed forces; by the smaller foreign embassies (Dutch, Swedish, Brazilian, Indian, Argentinian, Korean and Paraguayan); and by such modest concerns as the Rhine-Sieg Fertiliser Company. Scores of others have been demolished to make way for ministries, trade and industry associations, and for the imposing headquarters of a few lone wolves like Krupp and Telefunken.

The biggest new building in the Koblenzerstrasse is the foreign ministry, which keeps its Wilhelmian name of Auswärtiges Amt (AA to its members). On one side this is flanked by the officially subsidised Press Club, and on the other by the new Jewish synagogue. Second in size among the newcomers is the Federal Press Office, from whose windows at night the little red lights of radio apparatus tell of interminable moni-

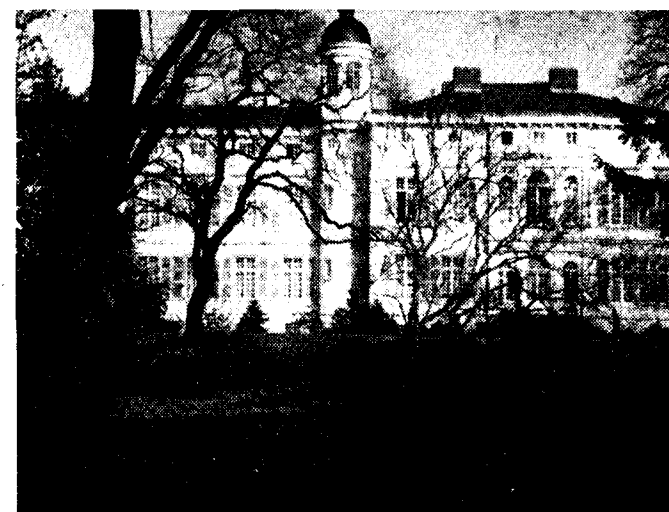
toring. The new Hotel Königshof has replaced the old Royal Hotel, and is Bonn's remote approximation to the Adlon of bygone days, or perhaps the Kaiserhof, where Hitler used to take tea. It is near the approach to the Königshof that Krupp has set up his name in letters of stainless steel. This can be quickly taken in. But postmen and messengers must pause longer in front of a shield a little further up the road which announces that it is the collective home of

the Zentralverband des deutschen Gemüse-Obst-und Gartenbaues, the Aussenstelle Technik im Gartenbau, the Deutsche Gartenbau Gesellschaft, the Kreditgarantiegemeinschaft des deutschen Gartenbaues, and the Blumenwerbung GmbH.

To cut a long story short, this is the headquarters of a bunch of organisations representing gardeners and florists. At one house after another in the Koblenzerstrasse similar name-plates testify to the political vigilance of grocers, engineers, solicitors, archivists, handworkers, farmers, educationists, philanthropists, research organisations and manufacturers of sweets and chocolate, paper, tiles, and cement.

Many persons must have been pushed out to make way for all this activity. But the university has managed not only to cling on to such old possessions as the

Collegium Albertinum (a catholic hostel), its children's clinic, and the headquarters of the students' Corps Rhenania, but also to build a handsome new library. And, it seems, there is still room in the Koblenzerstrasse for a little modest private enterprise. Two hairdressers have recently set up shop, and the solitary grocer has installed a beer-vending machine to serve customers after he has shut. The provisional capital has its eternal features.



Chancellor's Office

Continued from page 884

idle and bankruptcies increasing, more people are coming to blame their troubles on federation.

African leaders like Mr Julius Nyerere and Mr Tom Mboya want to reform Northern Rhodesia and Nyasaland into an East African federation. Northern Rhodesia, which in Mr Gardner's words "has the human and natural resources for a prosperous future," is with Kenya a key territory in such a design. Mr Macleod has seemed at times to be on the point of favouring it. The events of the past month, with 27 dead and hundreds arrested, with administration through chiefs under impossible strain and taxes being left unpaid, offers what seems an insane alternative. Many leader writers have blamed African villagers and layabouts for this senselessness. But one Copperbelt worker, Mr J. Mwina, replied for many countrymen when he wrote this week in the *African Mail*: "Welensky too has blocked roads and burnt bridges—the roads and bridges that the original Macleod plan gave us to link Africans with Europeans who are not white racialists."

Congolese Kaleidoscope

FROM A CORRESPONDENT

THE Congo kaleidoscope changes, but is much the same. Already, within a month of the investiture of the Adoula government, the rosy hopes of quick national reunification have faded. At the moment of writing, Katanga is in the throes of a new crisis, which could be the final "show-down," leading to the collapse of Mr Tshombe's regime, or merely the first round of a new, and possibly bloodier, vendetta between the Katangans and the central government (now backed by the United Nations); while in Stanleyville, the pole-squatting Mr Gizenga remains as hostile as ever.

On the credit side there is, of course, one enormous factor. The country has at last got a legally constituted national government. For the UN this means a respite in the nightmare game of Tweedledum and Tweedledee between Leopoldville and Stanleyville, which almost reduced the world organisation to impotence; indeed with the emergence of the national coalition a honeymoon has started between the Leopoldville government and the United Nations—though the UN would be very unwise to take it for granted. The much maligned western embassies feel legitimate relief that the reins of power are in the hands of a "neutralist" so moderate as Mr Adoula. His first policy statement upon his investiture revealed a grasp of political and economic realities unusual among Africa's younger statesmen, and his subsequent actions have had the stamp of courage and sincerity, even if they have not yet borne notable political dividends. Moreover, his ministry is made up largely of men who could be classified as "moderates," and is broadly based in the sense that it has men of nearly all parties, and of several tribes.

None the less, two fish-bones in the throat remain: Mr Gizenga and Mr Tshombe. Mr Adoula's recent mission to Stanleyville was not a success. Having failed to get as large a stake as he would like in the central government, Mr Gizenga has formed a new National Patrice Lumumba party, apparently in open opposition to Leopoldville. Though the working of Mr Gizenga's mind has always been something of a mystery, and purely personal factors may have helped to keep him in Stanleyville, there is little doubt that he has been influenced by the diplomatic missions from communist and Casablanca block countries, which have stayed on in Stanleyville despite the formation of the new government in the capital. The moderate character—so far—of the new regime is undoubtedly a rebuff to Soviet aspirations, and Mr Gizenga's recalcitrance may be useful to Moscow. In addition to signs of Soviet intrigue, there have been persistent reports in recent weeks that arms from

communist countries are still finding their way into Orientale province. This has been seized on by Mr Tshombe, and has helped to bedevil his relations with the UN once again.

After days of conflicting statements—and, it might be added by the UN's apologists, after weeks of obvious provocation—the UN has taken action against him. Strategic centres throughout Katanga have been taken over by the UN troops—mainly Indians, Swedes, and Irish—in an effort to "put the screw" on Mr Tshombe. Elisabethville radio station has been used to broadcast an appeal by Mr Adoula for the reunification of the country. The objective at the moment, according to the official UN spokesmen, is solely to disarm the European officers in the Katangan gendarmerie; an action, it is claimed, strictly in accordance with the UN's mandate, as expressed through the Security Council resolution of February 21st.

In many quarters, the UN's action will be widely acclaimed; and the verdict of history may be that Mr Tshombe has "asked for it." The fact that the UN is now working in collaboration with a central government resting on a broad basis of support also strengthens its case. But inevitably there is concern about where this course may lead; and it is a sad commentary on the way the Congo situation has deteriorated in the past few weeks. (Only last month UN officials were talking about the "reasonableness" and "moderation" of Mr Tshombe compared with the people around him, such as Mr Munongo, his minister of the interior; it is not clear whether they regard Mr Tshombe himself, or one of his more sinister henchmen, as the real villain of the piece.) The UN may be right in claiming that its course is strictly and correctly charted along the narrow and delicate lines of the Security Council resolution; but the Congolese, who are not ridden by the same sense of legalism, may not see things in the same light. Mr Adoula (not unlike Mr Lumumba before him) thinks the UN should openly help his forces to suppress the Katangan regime by force; Mr Tshombe, perhaps understandably, views "security measures" by the UN as interference in a country's internal affairs and therefore contrary to the UN Charter.

WHETHER Mr Tshombe can be forced into any effective co-operation with the central government remains to be seen; first reports indicate that while he has accepted the removal of the European officers, he has reasserted Katanga's right to be independent. At the same time, there are reports that Katanga will now withdraw its representatives from the central parliament—which, taken in conjunction with Mr Gizenga's boycott, puts the prospects of Congolese unity back at something like square one. There is a danger that the UN may find itself bogged down in a new politico-military war of attrition with Mr Tshombe's regime, in which it would find itself hamstrung by the limitations of its own mandate, and in which, conceivably, it could undo the good work it has done in the period since roughly the end of May. The fact that much of the "disarming" operation is apparently being done by Indian troops, who are specially unpopular with the Congolese, and who have been involved in sharp clashes with the Katangan gendarmerie, is hardly likely to promote a quick pacification.

Quite apart from the problems of Mr Gizenga and Katanga, the new government has plenty of other problems to tackle. In the economic sphere the national debt still mounts at the rate of £4 million a month; the economy, geared in the past to the wealth of Katanga, is badly run down; shortages are apparent in the Leopoldville shops; and the prospects of investment are dim as long as the present political uncertainty continues. To some extent, the UN itself can help through its technical assistance programme, or through a further injection of financial aid, which the new government is urgently seeking. But neither the UN nor anyone else can give the Congolese political maturity overnight. Through

no fault of their own, they are still untutored in democratic ways; indeed, the recent parliamentary meetings at Lovanium were essentially a grandiose tribal palaver. Though parties proliferate, tribal allegiances still, more than anything else, hold sway; and personal motives, rather than political principles, will in large measure determine policy. If in the months ahead the Congolese political situation takes some odd twists and turns, with inexplicable enmities and even more inexplicable alliances, no one need be surprised, or even unduly alarmed.

Meanwhile, for the UN there looms increasingly the question of how long to keep its expensive operation (which costs £48 million a year) in progress. Already, it seems, the plan for a speedy "phasing down" of the military side of the operation has been knocked awry. In the altered circumstances of the past few weeks, Mr Adoula is reported to be anxious that the UN troops should remain; while Mr Hammarskjöld is obviously anxious to tailor both civil and military costs to the available budget. With a new General Assembly due in a few weeks' time, some high policy decisions seem to be called for.

Experiment in Central Africa

FROM A CORRESPONDENT IN SALISBURY

THE present official moves for African advancement in Southern Rhodesia, modest as they are, would have been inconceivable even a year ago. With the referendum behind him, the right wing in total disarray, and the nationalists in not much better shape, Sir Edgar Whitehead has felt emboldened to give the country a lead. It was high time; but with the example of Mr Garfield Todd before him he is unlikely to outpace his supporters.

His policy speech in the Legislative Assembly on August 24th was the clearest outline of his thinking that he has yet given.

I believe that if we Rhodesians can really bring ourselves wholeheartedly and honestly to try and build a genuine Southern Rhodesian spirit of nationalism, embracing all Southern Rhodesians whatever their origin, that is a weapon capable of defeating external nationalism. . . . However, it has got to be a genuine attempt. This is not a question of making certain changes which some people might call concessions. It is really a question of achieving a change of heart. . . . I believe it is the only salvation for the people of all races here.

These words can mean much or little. In the past the slogan, "partnership," has signified in African eyes the partnership of a rider and his horse; but to some of his listeners at any rate Sir Edgar's words carried a new note of urgency and earnestness which, if they did not rouse the Assembly to acclamation, have been accepted by the electorate with remarkably little fuss. Perhaps this was due to the absence from the speech of any precise proposals to implement the new approach. The prime minister did not particularise; he did not forecast the shape of legislation to come. There was nothing here that could be seen as an immediate threat to white privilege in Southern Rhodesia; and in any case the new constitution cannot become law until towards the end of this year, and new elections are still twelve months away. This leisurely constitutional progress cannot, however, be blamed on Sir Edgar, and developments elsewhere may hasten the advance. It is something that the ground is being prepared.

Sir Edgar's speech acknowledged "the appalling land hunger" of the African people in the Reserves; and clearly there can be no real advance until the major iniquities of the Land Apportionment Act are removed. Sir Edgar would like to see a significant extension of African education. He proposes much closer consultation with people of all races in planning the future, so that the African may feel that he has a stake in the country. He foresees a bright economic future for the territory: there is scope for a large expansion of the mining industry, especially of semi-

finished iron and steel products; and the textile industry, too, can recapture lost markets on its doorstep in Africa. As chapter headings these are wholly reasonable, but the book has yet to be written; and, that done, it must be sold to the Africans. Sir Edgar described it as an experiment without precedent anywhere, and it is to be attempted above the heads and in defiance of the African nationalists, whose leaders the prime minister holds in open contempt, and never misses an opportunity of saying so.

Some of the difficulties ahead were reflected a few days earlier in the battle of the swimming pools. Salisbury City Council, not a notably enlightened body, decreed that the central baths should be multi-racial, after it had been discovered that the by-laws did not permit discrimination among bathers. The ensuing public outcry had more to do with psychiatry than with politics. Outraged mothers announced that their daughters would not be safe; standards of hygiene would collapse overnight; bilharzia and venereal disease would stalk the land. Even the owners of private swimming pools felt that the end of the world was at hand. Faced with the corporate fury of a community at bay, the city council surrendered ignominiously. Under a fresh decree only ratepayers and those on the voters' roll, with their families, would have the use of the baths. This successfully excludes the blacks, and some 40,000 whites as well. Bathing, like the art of government, remains in "responsible" hands; but there is an uneasy feeling among councillors that they have not heard the last of the matter.

Essays in Land Reform

AN economic mission from Persia, led by the deputy director of the planning organisation, has been visiting London and other western capitals in order to hear what others have to say about Persia's third development plan. The plan, supposed to start in about a year, is still in its early stages of creation. Its first objective, according to a summarised outline, is an ambitious land reform programme, now being worked out in Teheran.

Land reform is much talked about in Persia. About three-quarters of the people live on the land, but few of them own any of it. The issue was side-stepped for a time by the Shah's decision to sell back to the peasants some of the 3 million acres acquired by his father. A certain amount of land was also distributed by the government, and a few of the more far-sighted landlords followed suit. In theory, this land should have been evenly divided between the labourers who had been working on the estates. But this was seldom what happened. Mostly, the redistributed land went in uneven chunks to people who could afford to offer the agricultural banks some security for their loans. The peasants who did get land were inclined to let it to a larger farmer, and either continue to work on it as labourers, or else make off to the towns. Though disorderly and unco-ordinated, these early attempts at land reform did result in the emergence of a new group of middle-class farmers.

Persian land reform has been timid, but to a certain extent effective. In contrast, the land reform law for Iraq, passed in September, 1958, was as bold in conception as its result has been unsatisfactory. The peasants' unions, which were set up to help run the new small-holdings, seem to have lost heart in their job. The communists used to have a controlling voice in these unions, and the stagnation that has set in may reflect the break between General Qasim and his former communist supporters in Baghdad. A loan from the agricultural bank of £3½ million seems to have disappeared without leaving a trace of irrigation, fertilisers or seeds. The traditional reluctance of anybody from the towns to set foot in the countryside, much less work in it, is increased by the stories of the violent and hostile reception that has greeted, say, irrigation inspectors from Baghdad. A new impetus is badly needed if Iraq's land reform is to be saved from corrosion by neglect.

THE BUSINESS WORLD

Who Holds Sterling

UNDERLYING the special difficulties of sterling since the war, but underlying, too, the external purchasing power of a number of the world's poorer countries, are those old friends the sterling balances—the recorded monetary claims, mainly short-term, held in sterling by institutions and individuals in other countries. In the aggregate, their amount has changed remarkably little in the past decade and a half; it has remained around £3,500 million, to which it was carried by Britain's wartime spending on supplies and services from a prewar figure of at most £750 million. But the composition of these sterling holdings has changed radically. Because of the traditional banker's secrecy that the Bank of England maintains about the accounts of its foreign customers, these changes receive inadequate attention. Yet the way in which foreign holdings of sterling are spread between different countries is highly relevant to all the main facets of the sterling problem: the vulnerability of the pound to sudden withdrawals of foreign funds; the role of the sterling balances as internationally liquid assets; and the feasibility of any special operation to fund these balances or transform them into obligations of an international institution.

Figures published by the United Kingdom authorities divide the overseas sterling balances into broad geographical areas only; these figures, which now also distinguish official and privately owned balances for each region, are shown in Table I. In addition, the countries that hold a major part of their reserves in sterling—that is, the countries of the overseas sterling area—themselves publish figures of their external assets; and these in conjunction with other sources make possible a rough estimate of the main holdings by individual countries. Table II shows estimates on this basis for March 31st last and for mid-1957; the figures for 1945, however, are distinguished by an official cachet—they were drawn up for the 1945 loan negotiations with the United States and then openly passed on to a committee of Congress, to Whitehall's great embarrassment.

A quick conspectus of these figures shows the compensating nature of the big changes in the pattern of holdings. In the first place the massive holdings built up in the war have been run down completely; in mid-1945 old India alone held £1,108 million (the peak was £1,320 million at end-1945) and these balances, together with the £500 million-odd owned by Egypt and Jordan, accounted for close on half the total. By 1961 holdings of these countries were together probably not much over £200 million, and the broadly similar total of all sterling holdings was spread much more thinly over a large

number of countries, institutions and individuals. In the first decade after the war these liquidations of wartime balances were accompanied by a fall in the holdings of non-sterling countries; the official figures show a reduction from £1,240 million at end-1945 to £677 million in mid-1957, though about half of this is attributable to Egypt, which left the sterling area in 1947. The big offsets in this period were provided by the swelling balances of the colonies—between 1945 and 1957 these rose by nearly £1,000 million to £1,386 million—and of the oil-producing sheikhdoms on the Persian Gulf. Between end-1950 and end-1956, the Treasury told the Radcliffe committee in a rare disclosure, these balances together with those of Iraq and Jordan rose from £71 million to £338 million.

The build-up from these two sources has now stopped. In the past four years most of the old colonies have become independent, and their development programmes have gathered pace. This has involved a run-down of perhaps £200-£250 million in the (old) colonial balances as a whole, although the balances of the remaining colonies increased a little further in this period. The fall in old colonial balances has been roughly cancelled by the further addition of perhaps £200 million by the Middle East oil sheikhdoms, but other independent sterling countries have run down their balances by nearly £400 million. The big offset in this period has been the

TABLE I.—UNITED KINGDOM STERLING LIABILITIES
(£ million)

	End-1945	End-1949	End-1953	June 30, 1957	Mar. 31, 1961	June 30, 1961
Sterling area:						
UK Colonies*	411	546	1,093	1,386	2,443	2,604
Other £ area	1,916	1,565	1,622	1,433		
Total	2,327	2,111	2,715	2,819	2,443	2,604
Non-sterling countries:						
North America—						
Official	34	31	43	7	6	114
Other				43	137	
Latin America—						
Official	163	80	57	20	42	35
Other			17	16	6	
Western Europe—						
Official	351	356	68	48	319	662
Other			155	157	428	
Other non-sterling countries†						
Official	692	565	330	258	201	293
Other			123	128	137	
Total	1,240	1,032	778	677	1,276	1,101
Total all countries	3,567	3,143	3,493	3,496	3,719	3,705
Non-territorial organisations	—	576	511	661	553	552

Source: Treasury and Bank of England.
* Excluding Dominion and Colonial securities. † Including Iraq and Egypt throughout.

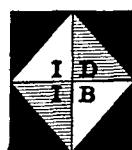


FOCUS ON EFFICIENCY WITH INDUSTRIAL DIAMONDS

More and more lenses are being formed with diamond abrasives.

Only diamond tools can cut, grind, or polish with the speed and accuracy needed today.

To find out if diamond abrasives, diamond tools, or diamond impregnated wheels can help you in *your* problem, please get in touch with the Industrial Diamond Information Bureau. This Bureau is backed by the world's largest laboratory devoted to diamond technology—The Diamond Research Laboratory in Johannesburg. For information and advice, without obligation, please write to the address below.



The Industrial Diamond Information Bureau

2 CHARTERHOUSE STREET (DEPT. E) LONDON, E.C.1.
Telephone: Fleet Street 7157

renewed build-up by non-sterling countries, especially since sterling became convertible at the end of 1958. By end-March these balances had risen to £1,276 million—almost double their 1957 level and a little above the previous peak of 1945.

In the first instance this build-up was concentrated mainly in private holdings. These were run down fairly rapidly in the speculative tumult following the German revaluation in early March; but the withdrawals were partly offset by accumulations of sterling by central banks which formed part of the Basle assistance. Thus the official figures published this week show a fall in the holdings of non-sterling countries of no more than £175 million in the three months to end-June; private withdrawals may have been twice as much and the end-March total of £708 million may conceivably have been halved. The swollen central banking balances are now being reduced by £200 million with the proceeds of Britain's large drawing on the International Monetary Fund. Fuller figures will appear in the next Bank of England bulletin. The figures, however, are not quite comprehensive; they exclude, for example, deposits placed with local authorities or hire purchase

the world in recent years has reduced the danger of large sums being quickly withdrawn and spent. But this is not the only way in which the sterling balances may be run down; they may be switched in to alternative forms of liquid reserves. The privately held balances of non-sterling countries are notoriously sensitive in this way. Officially held balances, which predominate in the holdings of overseas sterling countries, are far less affected by the tide of market speculation. Apart from anything else, a large scale switch out of sterling at a time of pressure would certainly be inconsistent with the tacit arrangements that pass for rules of sterling area membership. But the possibility cannot be ruled out for all time. Up to now this one obligation has been more than matched by the privileges, notably access to the London capital market and freedom from United Kingdom exchange control. Now, however, some of the overseas members may feel that Britain's intended move into Europe and its declining role—relatively—as a supplier of outside capital has altered the balance of advantage; some loud rumblings about all this are expected at the meeting of Commonwealth finance ministers at Accra in ten days' time.

TABLE II.—THE LARGEST HOLDINGS
Sterling area countries *
(£ million)

	June 30, 1945	June 30, 1957	March 31, 1961
Malaya	85	283	260
Australia	117	400	230
Eire	178	225	214
Nigeria }	n.a.	n.a.	200
Cyprus }	n.a.	n.a.	200
India }	1,108	320	135
Pakistan }	n.a.	100	100
Ghana }	n.a.	200	100
New Zealand }	63	70	69
Burma	11	37	35
Ceylon	61	67	30
Jordan	115†	25	30
South Africa	33	45	17
Colonial territories :—			
1945 Group	474	1,386	(1,150)
1961 Group	...	618	655
Egypt	397	110*	n.a.
Iraq	70	106	30*

Source: Central bank reports, IMF statistics and certain residual calculations.
* Egypt left the sterling area in 1947 and Iraq in 1959. † Including Palestine.

houses, though these are picked up when (as is the usual practice) a London bank acts as an intermediary.

Tables II and III show that the highest individual holding at March 31st was Malaya's £260 million—though Australia's balances have risen by at least £100 million since then. With the possible exception of Malaya and, among the remaining colonies, the Borneo territories, none of these countries now disposes of any sizeable cushion of sterling beyond its desirable needs for working balances. The important exception, admittedly, does not figure in the table at all. Many minds have applied themselves to ways of calculating the size of the sterling balances of Kuwait, but the few that have an inkling keep very close about it. For what it is worth, the estimates in Table II fall short by some £370 million of the total figure for all sterling countries (including Kuwait), published by the Treasury, and this is broadly in the range of some recent guesses for Kuwait. But the residual estimate is a shaky one, because the coverage of the individual holdings is not in all cases the same as that of the Treasury's total figures. What does seem clear is that with less lush times in the oilfields Kuwait's balances are no longer rising; they are still the largest and potentially the most volatile of individual holdings.

The more even spreading of the sterling balances round

TABLE III
THE REMAINING COLONIES
MARCH 31, 1961

	£ mn.
Hongkong	182
East Africa	178
West Indies	144
Borneo territories	142
Other territories	125
Total	771
Less Dominion and Colonial Securities	116
	655

Source: Colonial digest of statistics.

reserves. In the current mood of the exchange markets and at current interest rates, London is likely to be judged as good as any, while even an adverse change of circumstances is likely to leave a substantial number of funds that it would be too costly or too inconvenient to transfer. This comfortable assumption could, however, be shattered either by a major shock—a universal rise in the price of gold, a devaluation of sterling or a steep up-valuation of another major currency—or strong anticipation of such action. The question therefore arises whether holders of sterling should be reassured with an exchange guarantee.

The arguments against an across-the-board guarantee to every holder of sterling are probably still decisive. In

particular, there is nothing to be said for eliminating one of the normal risks of international arbitrage for private operators, especially as it would be virtually impossible to provide for all the losses of international traders. A guarantee only for official balances makes much more sense, and events are in any case moving in that direction. Under the European Monetary Agreement, which became effective at the time of convertibility, all balances held by West European central banks in each others' currencies are guaranteed—in US dollars; while all International Monetary Fund credits are tied to gold. There is no reason, however, why Britain should now extend the guarantee to all official holders unilaterally. It would be much better to give *ex gratia* compensation in the event of devaluation than to try to provide for an unknown contingency in advance, since it is impossible to say, as a general rule, what form the equitable guarantee would take.

Aviation's Missing Managers

THERE is a time for belabouring the aircraft industry and a time for offering it a helping hand. Currently it needs help. On Monday it will be mounting an air show before the faithful Farnborough pilgrims and also before a hundred pairs of expert eyes of scientists and engineers from Canada and the United States who are visiting this country for a fortnight's conference on what may be called advanced aviation technology. These are not the sort of men who, through charity or bonhomie or in acknowledgement of superb showmanship (no one can stage an air show like the Society of British Aircraft Constructors) will look for swans in the industry's current flock of geese, even if their grandam did lay a basketfull of 429 golden Viscounts. These special visitors will see the industry at perhaps its lowest ebb for 25 years, in terms of clear ideas for future development as distinct from work on established equipment.

Engineers leave their desks and laboratories to travel half across the world to an air show in search of the stimulus of new ideas. Aviation engineers live remote as Tibetan lamas from the hurley-burley of manufacturing and they must go out now and then to see what the other man is doing. Whether their journey to Farnborough this year will be rewarding is a touchy question. If they think not, there will be no profit in trying to apportion the blame. For the future health of the aircraft industry, and in the interests of the taxpayer who subsidises it, someone—and it ought presumably to be the Minister of Aviation if his mind were not on higher things—should be looking now at the British aircraft industry that we have (not the industry that we ought to have), and at its customers (they also have their warts), and deciding what aircraft can be built with the resources available and to whom they could conceivably be sold. Here the average industrialist would snort and say that this is a job for management. But managers are precisely the people that the aircraft industry lacks. It has an abundance of the kind of men scarce in other industries—good planners, designers, innovators, production engineers, salesmen, a smattering of dreamers and the occasional genius. But it is thin on the organising men who, for all their defects, translate genius into output. Weak management is not peculiar to Britain; it is noticeable too in the

An exchange guarantee for official sterling should rather be held as a *quid pro quo* for an advance in international credit arrangements. Mr Xenophon Zolotas, Governor of the Bank of Greece, has recently proposed that Britain and the United States should accumulate balances in other convertible currencies (as in fact they are beginning to do) and that these and all existing reserves in foreign exchange should be given a gold guarantee. The aim would be to strengthen and widen the gold exchange standard. There is much to be said for this, on one proviso—that it is seen as a half way house to an international central bank and not as a substitute for it. In practical terms, this means that a gold guarantee on foreign exchange balances is quite acceptable—provided the leading countries are fully determined to stand by the present price of gold to the extent of being prepared, at a pinch, to develop radical substitutes for it.

United States where powerful and experienced companies have from time to time made sad mistakes in producing and selling civil aircraft.

There is one remedy for this: the men in charge of Britain's five main aircraft groups should be looking round for heirs to groom for the succession. Are they doing so? The mergers served their initial purpose of forming groups with resources adequate, both financially and technically, for modern aircraft production. But they also produced a surplus of senior executives and this, combined with a steady intake of Air Marshals, makes it difficult to find room near the top for the new management blood the industry needs.

THE first task for these new managers would be to ensure continuity of work. Here three factors are working against them. First, there is the lengthening gestation time of new aviation equipment, now stretching ominously from ten years to a probable fifteen for a supersonic airliner. Secondly, there is the relatively small size of the British aircraft industry. The Ministry of Labour shows it as employing close on 300,000, but this does not distinguish between building aircraft and working on the industry's new industrial products—and these latter could account for half the total labour force. Being small, the industry cannot back with the necessary development effort all the projects that can be on the go at any one time. The penalties are late delivery and teething troubles of a kind that customers will no longer accept with the resignation they might have shown a decade ago. A small aircraft industry cannot spread its risks.

The third and most important factor is a basic change in the way aircraft are bought. Neither the military nor the civil customers of the industry buy in the numbers they were accustomed to order even ten years ago. They ask for tens instead of hundreds, and hundreds where they formerly ordered thousands; this is true the world over and American companies complain just as bitterly about it. There are two reasons for this change; one, without any doubt, is the search for defence economies, but it is the least important. The basic reason for small orders is that the efficiency of the

equipment continually improves. Military equipment is more lethal, and civil airliners do more work. A Boeing jet carries twice as many passengers twice as fast as the old aircraft it replaces, and is more reliable in service. Pakistan Airlines flew between London and Karachi six days a week last winter with clock-work regularity, using a single jet; this would not have been possible with any other kind of aircraft. The fact is that airlines can do a given amount of work with smaller fleets, and this explains at least in part the present excess capacity that is pushing most civil airlines into the red.

So the manager of an aircraft company faces the prospect of ever rising development costs to be spread over shrinking production runs. The two cannot be made to match, and this fact has been recognised by the British government which, in addition to paying for all military development, has now resumed after a lapse of some years aid for civil aircraft as well, advancing in 1960-61 £9½ million for this purpose. Since the government's policy is not to put up more than half the money needed to develop a "normal" civil aircraft (the "abnormal" case would be a supersonic airliner) the industry has probably invested an equal sum from its own funds. But whatever the government advances, a point is bound to come where the industry sees that it is wasting time and resources putting a massive development effort behind a trifling production order. On Blue Streak, between £500 and £600 million could easily have been spent for an end-product of perhaps a score of rockets. Here is the *reductio ad absurdum* of one current trend in aviation.

COMMON sense would surely demand that every project undertaken in future by the British aircraft industry, with or without government help, has some prospect of a world market. The tendency among customers is towards standardisation and their choice is guided by other factors besides performance. Many airlines standardised on the Viscount as their short-range and the Boeing as their long-range airliner, and many air forces standardised on the Lockheed F. 104 fighter. It is just possible that some of the latter might standardise on the Bloodhound anti-aircraft missile, originally built by Bristol Aircraft, now part of the British Aircraft Corporation. If this happens, the sensible course for other manufacturers would be to stay out of the market, because the limited orders they are likely to pick up cannot compensate for a major development effort.

In its attempts to design for a world market, the British aircraft industry suffers at the hands of its captive customers at home. To tailor any piece of aviation equipment precisely to the requirements of the RAF or the two British corporations is to miss business across the world. The British Aircraft Corporation would be better placed today if it had developed the winner it had in the Viscount and had not built the Vanguard for BEA; it must be hoped that Vickers' VC-10 airliner tailored for BOAC's off-beat routes will have better success. The same shadow hangs over de Havilland's Trident jet built for BEA; this aircraft, highly regarded by more than one foreign airline, would sell more easily if, like its small Boeing jet competitor, it was designed around the median of medium-range requirements and not those peculiar to British European Airways' network. When home orders were big enough, and development costs small enough, for a company to break-even on home sales this did not matter; it matters very much now. It could be a sign of the times that the first

order placed for the British Aircraft Corporation's new jet Viscount replacement came from an independent British airline and not from either of the corporations.

Visitors at Farnborough next week will be seeking answers to three questions. What is this country doing about vertical take-off? What is it doing about supersonic airliner development—and can it build such a monster at all? And what is the British view on long-range freighters? What we are doing has to interest them as buyers, and not appear merely as a contribution to a technical debate. In vertical take-off, Britain has more to show visitors than any other country; it offers two workable systems developed respectively by Rolls-Royce (this one currently out of favour) and by Bristol Siddeley. If the RAF commissions Hawker Siddeley to develop a vertical take-off fighter around Bristol Siddeley's engine system, as seems likely, who will make sure that this fighter will also meet the requirements of other air forces? Much has been said in the past about Nato requirements and of the need to conform to them; the prospects for the British aircraft industry, and particularly of Hawker Siddeley which has had a lean time recently, depend on turning this principle into saleable hardware.

The impression that most people have about British work on supersonic airliners, mainly the responsibility of BAC, is that our research and thinking are blinkered; the reasons for this became clear at a meeting of airlines and manufacturers in Montreal and were set out in detail in an article in *The Economist* on April 29th. They will doubtless be under discussion in London during the next fortnight. There are risks either way. A clean jump over all the immense technical hurdles to achieve an aircraft flying at three times the speed of sound may involve risks so great that the British aircraft industry would be wise not to court. But it is not clear either that supersonic flight at twice the speed of sound will provide a practical and payable stepping stone towards Mach III flying. And it is this by no means self-evident option that British aircraft designers now seem to be contemplating.

The third argument in aviation concerns freighters, and whether airlines should buy machines designed specifically for carrying bulk loads. The airlines reply with a dubious "no," while the manufacturers argue that without specially designed freighters, airlines cannot bring down the cost of carrying freight to a point where they can offer commercially attractive rates; there is a piece of special pleading concealed here, for freighters would keep production lines busy when the present jet orders are met and before the supersonic airliners take their place. Meanwhile, the air forces of the world are seeking freighter aircraft capable of moving forces half across the world; if military and civil requirements could be reconciled, the aircraft industries here, in Canada and in the United States would all feel much happier. Farnborough will provide them with an occasion for the rueful exchange of experiences here rather than real hope of a solution.

The present state of the aircraft industry is not serious enough to call for a Dr Beeching, but it would certainly cause Sir Henry Spurrer to raise his eyebrows. Perhaps the most interesting experiment now being conducted in the industry is the partnership between Mr Peter Masefield and the Pressed Steel company to build executive aircraft by motor industry methods. If this experiment were to come off, it could give the managements of the industry's senior companies a great deal to think about.

BUSINESS NOTES

GOLD

Warning Rise

PRIVATE demand for gold, which began to revive in midsummer, has risen farther this week to substantial proportions. The dollar price of gold in London has edged up to \$35.19-20 an ounce, compared with the low point of \$35.06 to which it fell when speculation petered out within a few weeks of the Kennedy administration taking office. The renewal of interest in gold is attributable partly to the worsening of the international situation—first Laos, then Berlin, now Russia's resumption of nuclear tests. On the Continent demand has been especially concentrated on gold coins—an indication that the current speculation is being led by the small man's fear of war rather than the big operator's attack on the dollar. But this is not the whole story. The upturn in the gold price in late June also coincided with the doubts about currency stability voiced by M. Rueff; and in the last few weeks much scepticism has been voiced about the prospect of a worthwhile improvement in the International Monetary Fund being achieved at the forthcoming Vienna meeting.

Speculative demand has not yet got out of hand. The London price is still just about within the "normal" range set by the New York dealing price plus shipping cost. Central banks have been in the market as buyers and sellers, though there have been no sales from Russia in recent weeks. The movement in the London gold market at present is almost exactly the same as a year ago: the consequence then to inaction at the IMF meeting was the October explosion. The authorities' grip over the market was, however, improved, in the eleventh hour, by the clarification that the Bank of England could use gold bought from the Federal Reserve for sales in the London market. That arrangement still stands. The Bank has been supplying the market with

more gold than its current accruals from South Africa and these "support" sales may have reached sizeable amounts this week. So far, the authorities still have the market in control.

While the London-New York arrangement stands, United States officials are still not fully convinced of the wisdom of feeding gold "cheap" to hoarders. Yet if they mean what they say gold supplied above \$35.08½ is not cheap but dear. United States officials make a second psychological mistake by giving the impression that requests by central banks for gold instead of dollars are "unfriendly." European bankers, for their part, are well stocked with prejudices of their own. The further uncertainty inculcated by the fear of war makes a united and convincing policy on gold all the more urgent. A meeting of minds on this complex but critical question is among the top priorities for the corridors of the Hapsburg palaces.

EXCHANGES AND BOURSES

Money Out of Germany

THE growing tension between Russia and the West is also an increasingly weighty factor in the exchange markets and on the stock markets—notably on the Continent. This time however the major impact has been not on sterling but on the mark. Sterling has been continued in good demand this week, rising to over \$2.80½; buying has been mainly for commercial transactions and to cover short positions before the month-end.

Operators now seem firmly decided that Berlin is in Germany after all. They are pulling out some of the money they have been sending to western Germany as a currency speculation for years past; with-

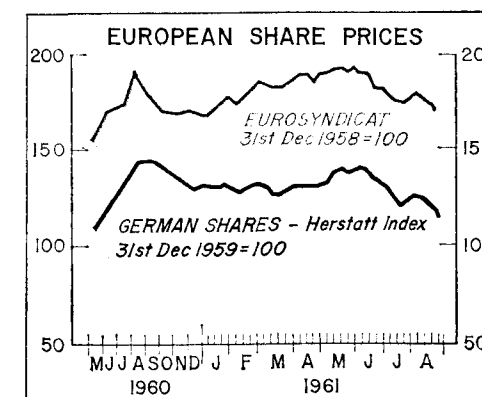
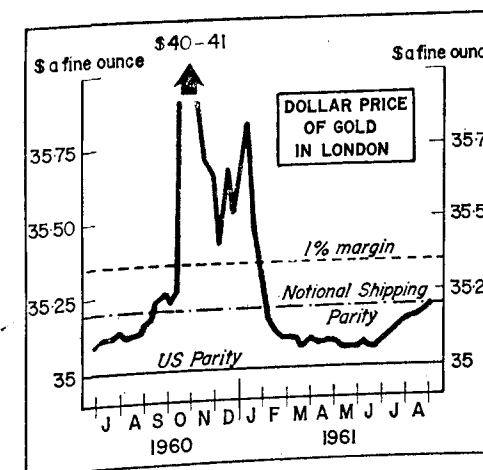
out any threat to Berlin it would be normal and desirable for these funds to move out again. This week the dollar has again been strong in Frankfurt, rising on Tuesday to 3.99½ (still a shade below parity). The Bundesbank is believed to have given support at this level and its weekly return shows a drop of DM 271 million in external reserves in the week to August 23rd, the fourth fall in succession. Another reversal of recent money flows has been shown by South Africa, where official reserves have risen by nearly £16 million since their mid-June low point of £71 million.

The fall in the bourses too has been most marked in Germany. The Berlin manoeuvrings have exposed the stock market to the test of investors' nerves, and have inevitably set off a bout of foreign selling (which is itself an important influence in the outflow of funds). At the end of last week it looked as if nerves were beginning to go, and on average share prices in Frankfurt dropped by 4 per cent in a single day. This week however the market has been steadier, with prices down on average by over one sixth from their 1961 peak. The Bundesbank continues to aid the capital market by easing bank liquidity—at the end of last week it released the "Blessing billion" that the banks had agreed to keep in Treasury bills—but for the time being political circumstances are predominant in the stock market.

Other Continental bourses have also been subdued by the Berlin crisis, though prices have not fallen on balance this week. They are all below the peak for the year; in Holland the fall has been as sharp as in Germany, but elsewhere, and particularly in Sweden, Belgium and France, it is now slight.

London Up and Down

BOTH gilt-edged and London equities took a slight turn for the better early this week, though the announcement that Russia was to resume the testing of nuclear weapons made the industrial market more hesitant on Thursday. The rise in gilt-edged prices was not big, but it suggested a slightly more healthy atmosphere in this sector of the market. For one thing, there has been some foreign buying which was reflected in the advance in War Loan to 53½, compared with 52½ before the weekend. For another, there were a few indications that some institutions were switching into longer-dated stocks on yield considerations. In this process the jobbers were squeezed a little, for, having gone short they found that sales by trustees this week were not sufficient to provide them with the stock they required. The disturbing effect of



international tension, so far, has been offset in London by the yield attraction of gilt-edged securities.

The recovery in the gilt-edged market was also thought to be a converse to the state of uncertainty in industrial equities. These were certainly unsettled a little by discouraging statements made by some companies, including those from Monsanto, British Motor and British Match, and before the weekend the heightening of tension in Berlin had led to a fall in prices, just as it had done in Wall Street and on the Continental bourses. When, however, the clouds lifted a trifle early this week, equity prices both in London and New York rallied. The recovery, aided by a small amount of trustee buying of blue-chips, was minimal, lifting *The Economist* indicator by only 0.4 points to 366.4 in the week to Wednesday, and on Thursday it appeared to have petered out.

ECONOMIC POINTERS

Construction Topping Off?

As the resources of the construction industry are at present stretched at maximum tautness over its biggest ever programme of current work, it is very hard to tell whether the random signs of easing off are the mark of congestion in the pipeline or point to some genuine slackening in the pressure of demand for new work. So far shortage of capacity—of craft labour, of certain materials, and of professional time in architects' and builders' offices—seems to be the more common explanation. In the spring and early summer months of the second quarter of this year, building contractors managed to step up their output by a full 8 per cent over 1960 hitting the £600 million mark for three months for the first time, with only two per cent more building

WORK DONE BY CONTRACTORS*

	1960		1961		Change
	I	II	I	II	
	(£ million)		(£ million)		(%)
New Construction					
Housing—					
Public	59	62	59	65	+ 4.8
Private	88	99	103	111	+12.1
Total	147	161	162	176	+ 9.3
Other—					
Industrial ...	75	84	98	102	+21.4
Commercial ..	58	62	65	69	+ 8.9
Public	103	107	112	124	+15.9
Total	236	253	275	295	+16.6
Total New	383	414	437	471	+13.8
Repair and Maintenance	117	122	127	129	+ 5.7
Total	500	536	564	600	+12.8

*At current prices

workers, a three per cent increase in brick supplies and an eleven per cent increase in cement supplies—achieved mainly by higher output and a sharp cut in cement exports.

Contracts placed with building contractors were still rising up to last March, the

BUSINESS NOTES

latest date for which complete figures are known. But by then new commission received by private architects had already started to tail off sharply—for the first time since mid-1959. This was partly in housing work but, as the present number of houses under construction—306,000—is the highest the industry has seen since 1954, the most favoured reason is the reluctance in overloaded offices to accept any more contracts. But expectations are that dearer and scarcer mortgages and the continued rise in land and house prices will make an impact upon new housing demand before long. New work for public authorities is also expected to show at least a slower rate of increase following the Chancellor's end-of-term budget in July. And new industrial buildings started this year, going on figures for the first six months, seem likely to be somewhat fewer than in 1960. All told, the construction industry has enough work on hand to support its present rate of activity, or even a higher one if resources can be stretched yet further, until well into next year. The coming months should show more clearly whether this feverish busyness can be kept going beyond then.

Foundries Downcast

SIGNS of a perceptible easing off in the pressure of demand for capital goods, already reflected in the levelling off of orders received by the engineering industries, are now beginning to be experienced by a number of iron foundries. Capital goods suppliers of one kind or another, from heavy plant makers to tractor manufacturers, take the greater part of the foundries' output of iron castings and as few of them hold large stocks of finished castings, orders received by the foundries are often a useful barometer of changes in the climate of investment demand by industry. Up to the middle of this year, production of castings for engineering firms, the railways, the building industry, and tractor and commercial vehicle makers was still rising. Few of the foundries supplying these industries have since raised their rate of output any further. Fewer still expect any increase in the flow of new orders. The labour shortage has noticeably eased—not every man leaving is replaced. And both prices and supplies of scrap have softened. The general tone in the foundry industry is now one of doubt, expecting at the least a steady down after the heady boom lasting a full two years.

In the last year prospects have changed for all sections of iron founding. Demand for pressure pipes from gas and water under-

THE ECONOMIST SEPTEMBER 2, 1961

takings fell off about a year ago. Purchases of castings for cars were sharply cut back by the motor industry last winter, and hopes of some revival in ordering early this summer have not been fully realised. The decline in steel output in the last few months has cut demand for ingot moulds. And the household appliance manufacturers, which take a relatively small part of total castings output, still show no sign of increased ordering.

MOTORS

Rugged all Round

SIR HENRY SPURRIER's statement on the future of Standard-Triumph International confirms the impression that Mr Alick Dick left because he disagreed with Sir Henry's plans to make drastic cuts in S-TI's overheads. And when Sir Henry says that the company is to be run by Mr Markland, the new managing director, on similar lines to the parent company, he does nothing to weaken the belief that he wants to run a car firm like a lorry maker, despite the marked differences in the two operations. A reduction in overheads may well be necessary for the long-term profitability of S-TI, but Sir Henry might do better to look to Jaguar for an example rather than to his own factories in Leyland and Glasgow. If S-TI is to go on trying to establish itself as the maker of the poor man's Jaguar, keeping down overheads has been only part of that company's success—good engineering and flair for publicity and selling are certainly as important.

One surprise in Sir Henry's statement was his expectation that car sales would have recovered even faster than they did in the spring and that S-TI would have progressed beyond a near doubling of its share of the car market. Less unexpected was his revelation that S-TI has continued to make losses—though this seems to refer to the spring rather than the summer, when the rate of output should have been high enough to put the company in profit. But now that its factory workers are returning to a three-day week, its profitability must be again doubtful. After last winter nobody at S-TI wants to risk the excessive piling up of stocks. Output is being cut before the seasonal fall in sales rather than after it. Other car makers may follow this move as the autumn progresses.

Even British Motor Corporation's profitability suffered severely during last winter's recession. The cut in BMC output from 669,000 vehicles in the year to July, 1960, to 601,000 in 1960-61 stemmed primarily from operating on average at little over half capacity for the five months from November to March: at times it was a good deal lower. The company warns its shareholders that profits have been cut by more than the reduction in output would suggest, for the smaller BMC cars now form a higher proportion of its total pro-



THIS
IS THE
EAST...

Economic development in Asia is bringing higher living standards to these young people and to the vast population of that continent. Demand for an ever increasing range of merchandise is steadily rising. If you are interested in trade with these expanding markets, you are invited to avail yourself of the

banking and information services of The Chartered Bank and its subsidiary, The Eastern Bank Limited. The combined organisation of the two banks comprises one hundred branches in twenty-five territories extending from the Eastern Mediterranean to the Pacific Ocean.

THE CHARTERED BANK

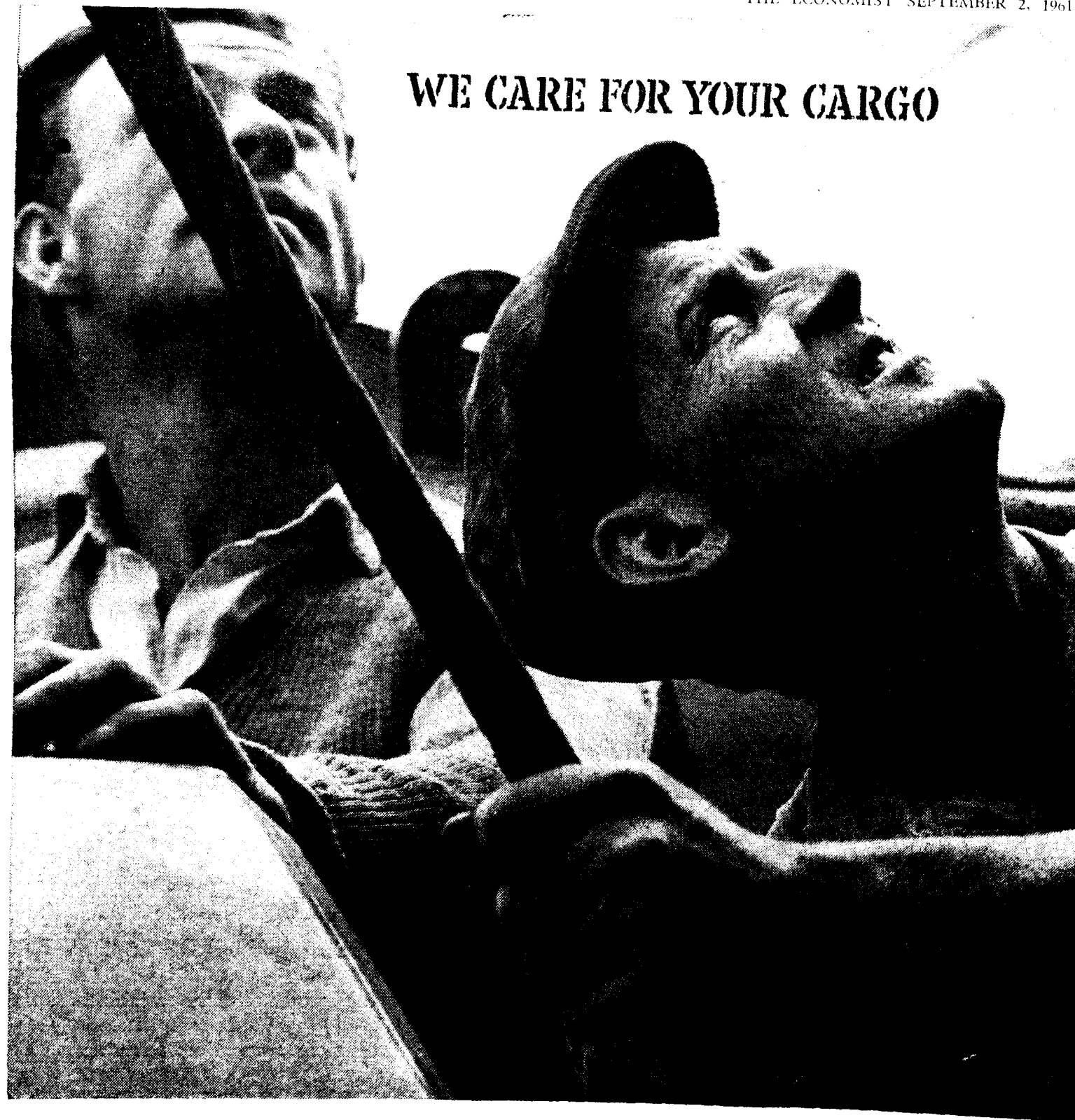
(Incorporated by Royal Charter, 1853)

HEAD OFFICE: 38 BISHOPSGATE, LONDON, E.C.2

West End, London branch: 2 Regent Street, London, S.W.1 • Branches in the United Kingdom also at Manchester and Liverpool • Agencies at New York and Hamburg.

The Eastern Bank Limited HEAD OFFICE: 2 & 3 CROSBY SQUARE, LONDON, E.C.3

Associated Banks: Allahabad Bank Ltd. (Incorporated in India) • The Irano British Bank (Incorporated in Iran)



WE CARE FOR YOUR CARGO

LOOK OUT BELOW THERE! Stevedores waiting for a sling of export cargo to come aboard a Harrison Cargo Liner.

Harrison Line

Shipowners for over a century. A fleet of 40 ships serving THE WEST INDIES
S. & E. AFRICA · U.S. GULF PORTS · MEXICO · THE SPANISH MAIN

THOS. & JAS. HARRISON LTD., MERSEY CHAMBERS, LIVERPOOL. FOUNTAIN HOUSE, FENCHURCH STREET, LONDON, E.C.3.

duction than in 1959-60: output of baby cars rose by 62 per cent in 1960-61. BMC's statement adds that its expansion plans will increase overhead costs in the immediate future, and that "some time may elapse before demand, and therefore profits, catch up with the enlarged output."

NEW ISSUES

Lenders v. Borrowers

In the capital market lenders are calling a tune that grates unpleasantly on the ears of borrowers. It was, for instance, revealed this week that James A. Jobling, the manufacturer of "Pyrex" glassware and a subsidiary of Thomas Tilling, had placed £1½ million of its 7 per cent debenture at 97½ to give a flat yield of as much as 7.2 per cent and a redemption yield of 7½ per cent to the latest date. Some stock was made available through the market at 97½ and in early dealings a price of 98½ was established. The rate of interest is high, but even so some of the life offices were not

willing to assist, on the grounds that the 15 years' spread of redemption dates between 1971 and 1986 was too wide. An attractive capital premium is offered on early redemption, but the borrower's option to redeem will not necessarily coincide with the interests of lenders. Such a wide spread may be acceptable occasionally by life offices, but not in the case of an industrial company which has no reason to expect a sudden reinforcement in liquid resources. The life offices argue that normally the borrower should make a clear choice between a long-dated stock suitable for their funds or a shorter dated one more suitable for the funds of composite offices; and now that some of the institutions have displayed disquiet about this issue it is unlikely that its form will be repeated.

The new issue market in general is at one of its most critical junctures for a number of years. On the one hand the banks, with their own liquidity ratios under pressure, are urging some companies to fund their loans. On the other, these companies are naturally reluctant to raise permanent capital at high rates of interest. The issuing houses, knowing too well how

the market is suffering from indigestion, are advising their clients to defer their appeals if they can. All this may have the effect the Chancellor intended of forcing companies to postpone or even to cancel some of their marginal investment projects. From the stock market's point of view this may ultimately be reflected in a decline in the number of appeals for new money.

LOCAL AUTHORITIES

Money at a Price

This week a rural district council reported that it was unable to find £100,000 to tide it over until the end of September. It had obviously not looked very hard. The Public Works Loan Board always stands ready as lender of last resort to authorities that cannot obtain the funds they need in the market; and in any case there are ample funds available in the mortgage market at present. Although the rate for seven-day money hardened by ½ per cent to 7½ per cent this week, as a result

Methane in the Market

WHETHER or not natural gas from Algeria is the cheapest gas this country could ultimately get, the British gas industry has had value already from its initiative in developing this technical possibility into a commercial proposition. Nothing revitalises a market like the threat of competition from a really cheap new source of supply; and the prospect of methane has certainly brought the gas industry a variety of other bargain offers that it might never otherwise have had.

It originally planned to make town gas from this rich imported hydro-carbon—for which it has already signed a contract with French suppliers and the Conch group, conditional upon ministerial approval—by "reforming" it. The possibility then arose of using methane to enrich "lean" gas made by the total gasification of coal in the Lurgi process; the small Lurgi plants already developed in Britain use oil for enrichment, but this is relatively expensive. The price competition of methane brought in offers of other cheap enrichment, such as propane (one of the refinery gases usually sold liquid under pressure as "LPG"). Most recently, other oil companies than Shell (which owns 40 per cent of Conch and has put its considerable technical and managerial influence behind the scheme to import methane) have been stimulated into offering the industry naphtha, a distillate fuel that is at present hard to sell, at prices well below those the industry has at present to pay for oil products used in gas-making.

The landed price of methane under the contract already signed has not yet been disclosed; unofficial figures of 6d.-6½d. a therm have often been quoted, and the Gas Council's estimate that it could deliver methane regasified from liquid storage, via a high pressure main, to area gas boards for 7½d. a therm, reported last week by the Select Committee on Nationalised Industries, might be roughly in line with such a cif price. Propane could be made available in large quantities from the Western hemisphere for just under 5d. a therm landed; this is the enrichment that the National Coal Board would prefer for Lurgi gas, though its estimates for Lurgi even enriched with methane give lower costs for the town gas produced than those of the Gas Council. Naphtha has been offered to the gas industry by certain oil companies—Esso and Gulf have been mentioned—at cif prices said to be of the order of 4d. a therm. If this were used as an enrichment for Lurgi gas, it might offer town gas even fractionally cheaper, though there are uncertainties about the process to be used, particularly about its flexibility: it might offer fairly cheap town gas alone.

The possibility of methane brought down the prices its competitors would offer; it always remains possible however, that the reverse could happen. When the Gas Council was bargaining with Conch and the French, it had none of these competitive offers of other rich hydrocarbons to back its argument. This

is the first operation of its kind: French tenure of Hassi R'Mel is politically uncertain, and the semi-nationalised company producing gas there may be anxious to write off its well-head installations, pipeline, and liquefaction plant quickly. Equally, there may be some technical risk of extra cost or high obsolescence in the refrigerated methane tanker, which two British yards are prepared to build for perhaps £3½ million apiece. On the other hand, both the French and Conch are vitally anxious for a customer for this initial venture: success could trigger off a significant new trade in natural gas that otherwise has no market outlet.

In such circumstances, the room for bargaining is quite wide; and if necessary these suppliers might be prepared to match the prices of whatever competition they have to meet. If methane at 6d. a therm cif might not quite compete as a Lurgi enrichment, could other suppliers get under methane at about 5d. a therm cif—which would probably be economically feasible? At such a price, moreover, using it as enricher for Lurgi would not necessarily be a better bargain than simply reforming the methane; and there is even the possibility of making a lean gas locally from cheap naphtha and enriching this with cheap methane. The Minister of Power has still to announce his decision regarding the Gas Council's application to import, and he may have decisions to follow regarding the future of Lurgi and the possible reconstitution of the gas industry in order to develop cheap gas as fast as possible. Even before actually penetrating the British gas market, methane has made a radical difference to the gas industry's economic opportunities.

of very large withdrawals by a big industrial lender, it is still below the banks' prime overdraft rate of 7½ per cent. But the margin is not big and could easily disappear; and local treasurers cannot be expected to welcome big cuts in their overdraft limits at the clearing banks.

For their part, the banks regard the increased advances extended to the local authorities while foreign funds were being withdrawn as temporary and exceptional credits which the councils can now repay by returning to the mortgage market. This is not a question of forcing councils to increase their temporary borrowing further. Long-term mortgages can readily be obtained in the London mortgage market. The fact is that many local treasurers are reluctant to borrow on long-term at such high rates. Indeed, ever since Bank rate went above 3 per cent in 1955 they have been increasing their short-term borrowing to meet long-term commitments in the hope that rates would eventually fall. Now rates could indeed be at their peak, and rather than submit to borrowing at 7 per cent plus, some local authorities are cutting back their expenditure. The interest rate appears to have some effect after all.

BARLEY

A Crop of Trouble

THOSE who expected this year's barley crop to go through the mill in a blaze of publicity are not being disappointed.

Apart from the price shock, this year has brought a court case and intervention in the market by the President of the Board of Trade. Barley can be nasty stuff to handle, and on the many recent occasions that barley has brought Mr Maudling and his colleagues to their feet in the House they did not handle it very well. Government policy on coarse grains (barley, rye and oats) was set out in December's white paper on agriculture: the search for a plug to the drain on the Exchequer caused by mounting deficiency payments on barley stopped short of renunciation of the "free market" principle. The attempt to graft a free

CEREAL DEFICIENCY PAYMENTS

	Barley production	Barley subsidy	Total cereal subsidy
	mn. tons	£ mn.	£ mn.
1955-6	2.9	8.5	26.7
1956-7	2.8	10.5	34.2
1957-8	3.0	21.3	56.0
1958-9	3.2	20.4	49.7
1959-60	4.0	28.3	58.8
1960-1	4.2	35.1	74.6

market on to the system on guaranteed prices by means of deficiency payments at a level which is rapidly making Britain self-sufficient in barley seems to have produced a hybrid that will not work. When crisis arrived with the impending harvest, the Board of Trade added a hyena's head to the body of an ass by prohibiting "dumped" barley imported for less than £20 a ton: the "free market" price in Britain ex farm subsequently flopped again to around £17 a ton.

It transpired later that the £20 minimum was a "cif" and not landed price as

originally announced; it has since been revealed that in Russia's case—it was our principal supplier this year—a voluntary quota of 150,000 tons had been agreed for exports this season and the question of price discreetly omitted. Contracts for importing 425,000 tons of barley from Russia this season were mentioned in the case at Guildhall where an important dealer in Russian barley was fined £25 for making a false statement in a return to the ministry listing barley deals. These have apparently been commuted to the lower figure probably to the considerable relief of the Exchequer.

Barley imports generally this season will conform to Mr Maudling's edict, though loose ends like imports from Iraq and unfilled contracts have not been tidied. The minimum import price was probably intended to put a floor under the market, but it now seems a ceiling, though it will possibly be neither. The ex farm parity of £20 a ton cif is reckoned to be roughly £18½ a ton. Heavy imports earlier this year have possibly filled up some of the space in the stores of compounders of animal feeding stuffs that should have been ready to receive the new crop—despite last year's record crop, imports so far this year already exceed those for the whole of 1960. Demand is not strong enough to carry the full weight of the new crop. Farmers, especially those who lost heavily through storing their crop last season, are anxious to unload the new one as quickly as possible. The incentive introduced this year to encourage farmers to store their barley is ineffective, although at its maximum it

PROBLEM NO. 3



YOUR E.C.G.D. POLICY WILL HELP YOU OUT

However well you stand with your bank manager, the finance needed for selling more abroad, or granting longer credit, may set him a problem—particularly if it comes on top of re-equipment, expansion of plant, stockbuilding, or other financial calls. But an E.C.G.D. policy not only tells him that your export trade is secure, its assignment to the bank provides valuable collateral security. Talk it over with your bank manager—and get in touch with E.C.G.D.

EXPORT WITH AN EASY MIND
E.C.G.D.
EXPORT CREDITS GUARANTEE DEPARTMENT

E.C.G.D. local offices—

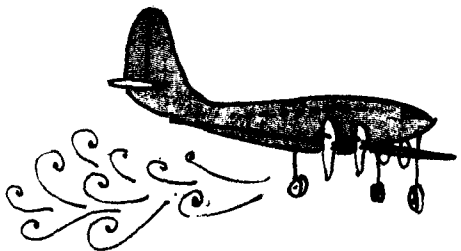
City of London: Tel—Royal 3491
West London: Tel—Abbey 6271
Belfast: Tel—Belfast 29428
Birmingham: Tel—Edgbaston 4375
Bradford: Tel—Bradford 25147
Bristol: Tel—Bristol 22011
Edinburgh: Tel—Caledonian 3004
Glasgow: Tel—Glasgow, Central 3056

Leeds: Tel—Leeds 30082
Liverpool: Tel—Liverpool Central 5756
Manchester: Tel—Manchester, Central 8861
Newcastle-upon-Tyne: Tel—Newcastle-upon-Tyne 29838
Nottingham: Tel—Nottingham 46585
Sheffield: Tel—Sheffield 29151
Head Office: Tel—Monarch 6699

AIR TRANSPORT

The Flying 8.15

DURING the recent American slump in air traffic, from which the airlines are slowly recovering, one device for catching passengers proved so popular that it may be tried out experimentally in this country. This is the commuters' air service, operating between cities like a suburban train. Passengers do not book in advance. They are guaranteed a seat on an aircraft providing they arrive at the check-in point by the prescribed time, and pay for their ticket during the flight. The service has been pioneered by Eastern Air Lines, using old Constellations which would be almost unusable on a normal passenger service. Fares are slightly lower than the standard coach fare. Punctual service combined with the certainty of getting a seat has made these commuter flights popular with businessmen. For the airline, however, the service involves one snag; a stand-by aircraft and crew have to be kept waiting in case the regular 95-seat flight fills up before its scheduled



departure time, and such a stand-by aircraft has been flown with only one passenger.

British European Airways is thinking of a similar experiment on its internal flights to Glasgow, if only to see whether it can beat the problem of businessmen who book on five or six different flights but turn up for only one. Nearly ten per cent of the passengers booked on BEA's internal services fail to turn up, and in spite of Mr Philip Mair's complaint to *The Times* that he could not book a seat on BEA's Manchester services, the flights he mentioned almost invariably leave with empty seats. The corporation is going to ask the Licensing Board for permission to increase the penalty for "no-show" from

its present level of £1 (which the corporation is admittedly lax in collecting) to a figure high enough to hurt. This would take the form of a booking fee retainable by BEA if the flight was not cancelled in time. But the non-booking commuter service is obviously a better answer. BEA, however, does not possess the large fleet of obsolete aircraft that made the experiment possible for Eastern, and the economics of the service might be jeopardised if the corporation had to keep a large new aircraft and crew permanently standing by. The trial flights being planned to Glasgow may show whether the Vanguard, with its big carrying capacity, is large enough to seat all the passengers likely to turn up for one flight.

PARTNERS IN INDUSTRIAL PROGRESS

YAWATA STEEL produces all kinds of steel which can fully comply with requirements of any industry. A continuing program of scientific and engineering research is maintained for one purpose — to help the user make a better product. Contact YAWATA today — Learn how your Partner in Progress can help you.



YAWATA IRON & STEEL CO., LTD.

HEAD OFFICE: Marunouchi, Chiyoda-ku, Tokyo, Japan
CABLE ADDRESS: YAWATASTEEL TOKYO

EUROPEAN OFFICE:

Immermann Strasse 15
Duesseldorf, West Germany
Cable: YAWATASTEEL DUESSELDORF

AMERICAN OFFICE:

Room 2009, 375 Park Avenue,
New York 22, N.Y., U.S.A.
Cable: YAWATAISCO NEWYORK

amounts to 25s. a ton. But it costs 2s.-3s. to store a ton of barley for one month and rehandling adds about £1 a ton to the bill. However, Russian supplies are now voluntarily restricted, Canada has less to sell and Britain may not have a larger crop, but may export more malting barley. Although Australia is offering barley at the minimum price for delivery next year—so far without response—prices could recover beyond the £20 target. But after last season's experience, too few farmers are prepared to hold on and find out.

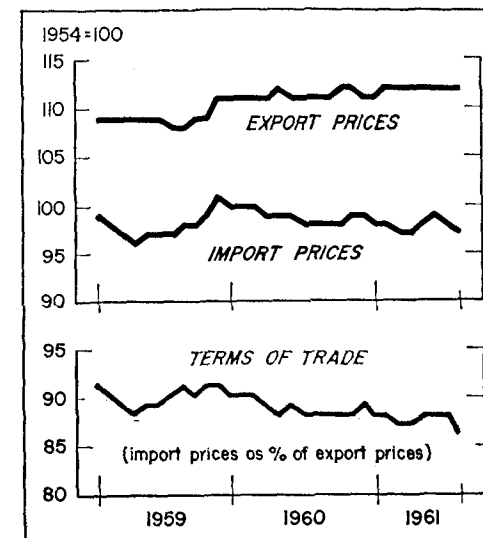
TERMS OF TRADE

In Britain's Favour

VALUED at 1954 prices, Britain's imports in the first six months of this year were more than £40 million higher than in either half of 1960, that dreadful year for the balance of payments. But in this period the actual value of imports adjusted for seasonal variation fell by 1½ per cent below the average for 1960: exports increased and maintained their price. Without this favourable twist in the terms of trade, the prospect for the balance of payments in the early months of 1961 would have looked bleak indeed. In July, the normal drop in prices of imported vegetables and fruit lopped three points off the index of food prices; consequently import prices as a whole fell one point to 97 (1954=100). Export prices have been unchanged at 112 throughout the year; the terms of trade (import prices expressed as a percentage of export prices) improved from 88 to 86 in July. Britain should therefore be finding it easier to pay for its imports than at any time since the war.

Even in an exceptional year like 1960, when imports of basic materials and manufactures rose to a level that could not be sustained, imports of food, beverages and tobacco accounted for a third of the value

of all imports. To judge from the lengthening list of suppliers who are having to be restrained by the threat of anti-dumping duties from selling to Britain too cheaply, this country has been placed in a happy position by overproduction of many primary products. Last week, the Board of Trade decided a case was made out for "protection" against imports of cheap middle



bacon and representations from other interested parties were invited. This week Britain has asked for another Gatt meeting of butter producers which it expects this time to produce restrictions on supplies of butter to Britain.

ATOMIC ENERGY

Last In, First Out

CROMPTON PARKINSON was the last big electrical manufacturer to go into atomic energy and the first to leave it. The

four original atomic consortia, headed by Parsons, AEI, English Electric and GEC, were formed in 1954 and are almost as old as the Atomic Energy Authority itself. Crompton Parkinson did not join with International Combustion and Richardsons Westgarth to form Atomic Power Constructors (now building a 500 MW nuclear power station in Wales) until early in 1957, and then only after considerable pressure from the Atomic Energy Authority, which feared that the four original consortia did not possess enough capacity to carry out the then recently expanded atomic power programme.

Since those days, the programme has been roughly halved and there is not enough work to go round. Mergers have reduced the number of consortia from five to three; after an on-off engagement temporarily broken while GEC flirted with English Electric, Atomic Power Construction and GEC have finally merged their nuclear divisions to form the United Power Group. When the merger talks got seriously under way late last year, Crompton Parkinson intimated it did not want to join the new company. Now the last link has been broken with the resignation of its managing director from the board of APC, which has to be kept in being until the Welsh contract is completed. This decision recognises that there is still considerable surplus capacity within the new groupings on the turbine and the boiler-making side, and not a great deal of work is likely to come the way of the smaller partners in return for the sizeable outlay involved in remaining a member of the nuclear club. The £100,000 pourboire that the Generating Board is now paying to companies that submit bids for the kind of turnkey contract awarded for nuclear power stations—winners and losers alike—is only a fraction of the cost of actually preparing the contract, which is variously estimated at anything from £300,000 to £500,000.

Council Investments: a New Survey

LOCAL AUTHORITY INVESTMENTS

December 31, 1960

	Book values £ mn.	Percent- ages of holdings
Cash at bank and in hand	63.1	12
United Kingdom Treasury bills	4.3	1
British government and government guaranteed secs.	77.8	14
Overseas government, provincial and municipal secs.	5.0	1
Mortgages and other housing loans	288.3	53
Company securities	7.1	1
Other mortgages and loans	7.3	1
Other financial investments	2.2	—
Investments in real property	7.4	1
Total (excl. inter-authority investments)	462.5	84
Local authority quoted stock	8.4	2
Local authority temporary money (12 months or less)	43.6	8
Other local authority loans	35.0	6
Total	549.5	100

A FURTHER new series of financial information recommended by the Radcliffe committee appears this week in *Economic Trends* on the financial assets of United Kingdom local authorities. The total assets of both sectors, the "general" fund and the superannuation and pension funds are roughly equal—about £550 million. The largest item in the general fund is mortgages and other housing loans to individuals. In Scotland, however, this item is only 7 per cent in total investments, against 56 per cent in England and Wales. Gilt-edged securities account for 14 per cent of investments on average and more than two-fifths of these holdings are in long-term or undated securities. The largest item in the superannuation and pension funds is loans to parent authorities of £266 million, followed by holdings of gilt-edged of £188 million. In Scotland internal advances accounted for 67 per cent of assets.

SUPERANNUATION AND PENSION FUNDS INVESTMENTS

December 31, 1960

	Book values £ mn.	Percent- ages of holdings
Cash at bank and in hand	7.4	1
British government and government guaranteed secs.	187.8	33
Overseas government, provincial and municipal secs.	14.7	3
Internal advances (to parent authority)	265.5	47
Mortgages and other housing loans	0.2	—
Company securities	31.0	6
Other mortgages and loans	0.8	—
Other financial investments	0.1	—
Investments in real property	0.3	—
Total (excl. inter-authority investments)	507.8	90
Local authority quoted stock	20.3	4
Local authority temporary money (12 months or less)	0.4	—
Other local authority loans	34.5	6
Total	563.0	100

EQUIPMENT LEASING

Hire Without Purchase

A SECOND American company has entered the lists to lease capital equipment to British industrialists. The practice of leasing capital equipment rather than buying it, in order to free working capital for more profitable uses, is well established in the United States. In June of last year the United States Leasing Corporation joined Mercantile Credit in forming the Mercantile Leasing Company to offer this service in Britain. Now a new company, Equipment Leasing Ltd., has been formed by Lease Plan International of New York (which has an annual turnover of \$73 million in the United States) in association with Hambros Bank, Phoenix Assurance, and Cable and Wireless (Holding). It will offer a leasing service first in Britain and eventually also on the Continent too. The company, with an authorised capital of £500,000, roughly at least half of which will be held equally by the American company and Hambros, will purchase equipment in Britain and will lease it at a rent determined by the cost of the equipment and the period of the lease, plus management and interest charges. The

scale of charges has not yet been stated, but the company says that they should compare favourably with hire purchase charges on similar types of equipment.

The industrialist who wants to know whether it will be cheaper to lease or to buy his capital equipment on hire purchase will in any case have to turn to his tax accountant for advice. Broadly, under a leasing agreement the lessee gets tax relief on the whole of his rentals; the lessor receives the capital allowances but must pay tax on the whole of his rental income. Under the hire purchase agreement the capital allowances go to the hirer, who also gets tax relief on his interest charges. Capital allowances vary with the type of equipment, but in general over the initial period of a contract they will be smaller than the tax relief on rent payments by a lessee. But once the stage is reached where the lessee is paying only a very small rental (which happens when the rentals have covered the cost of the equipment) and the hirer has paid his last instalment, the position is reversed. The lessee's tax relief is now small, while the hirer has no more out-goings but is still normally getting his annual tax allowance on the equipment. For the industrialist it is a matter of timing; he must decide whether he wants his tax advantage now or later.

TRAFFIC ENGINEERING

Slow Road Through Red Brick

IT did not need a world traffic engineering conference, such as the one held in Washington last week, to reveal the vast gap between ideas about traffic management in Britain and their actual application. The profusion of ideas continually bubbling from the Road Research Laboratory, within the limits set by its budget and—until its new test track at Crowthorne, Berkshire, was completed last autumn—by its working facilities, are as notable and as advanced as from any other motorised country. But the implementation of even the simplest notions about how to make the best use of existing roads and securing the best design of new ones (which is what traffic engineering in essence means) lags a very long way behind.

This is the direct result of the shortage of trained traffic engineers here. London now has its traffic management unit, under Dr Charlesworth, who was specially drafted from the Road Research Laboratory and who has already shown what can be achieved by applying a little scientific method and common sense to traffic regulation. But

less than a third of the county councils and a sixth of the county boroughs in England and Wales yet have traffic engineers, in name or by training, on their highway staffs. One estimate puts the number of qualified traffic engineers that will be needed over the next twenty-five years at a conservative 900. The immediate need, therefore, is for training facilities for the people who will train these 900. The professional engineering bodies and some technical colleges now include the subject in the syllabus. Interested senior engineers are served to some extent by the Institution of Civil Engineers' new traffic engineering study group and by the short and eagerly-sought-after courses run each year by the Road Research Laboratory. But it is to the universities that this nascent profession is looking for its future teachers, for an extension of research effort—and, quite legitimately, for a recognition of status. A chair at Birmingham and a readership at Durham are not sufficient; many of the students and post-graduates at the two places, moreover, come from overseas. The Ministry of Transport and the Road Research Board still have hopes that something positive will yet result from the one-day conference organised by the laboratory in April which was attended by representatives from twenty-one universities and other interested bodies. But their work of conversion and persuasion is still steeply uphill.

the new agreement with Hongkong, imports of yarn might be restricted for the first time. But the trend of demand has been unfavourable for doublers and spinners of fine yarns. Single yarns are replacing doubled yarns in some cases, and coarser yarns are eating into the market for fine yarns.

It is not unknown for closures in the wool textile industry to be caused entirely by the shortage of labour. This was evidently an important factor in the closure of the Lumb Mill, which could not staff a second shift, although in part the lack of key workers stemmed from the inability to keep them suitably occupied. In the changed post-war conditions, few firms are prepared to carry large stocks of yarn. In the words of Fine Spinners' chairman, the agreement with Hongkong came too late. This scheme is causing considerable disagreement over its application in the colony. The most controversial clause is one that is alleged to link supplementary export quotas to the state of Lancashire's order books, although especially at times like the present their length is mainly governed by jockeying by potential customers. It also seems to imply that when foreign exporters win orders from Lancashire, Hongkong will lose its bonus. The best that can be said of the arrangement is that it is limited to supplementary quotas.

PLASTICS

More But Cheaper

A TEN per cent increase in the sales of plastics materials in the second quarter of this year does not mean that the troubles

of the British plastics industry are over. Much of this growth was won by selling near or below cost. The 30 per cent increase in polystyrene sales, for example, was obtained by exporting at or below full cost and by reducing the home price by 4d. a pound to discourage imports. The rise of 25 per cent in the sales of polyolefines—polythene and polypropylene—is more difficult to explain; there seems to have been no increase in exports and hardly any drop in imports. This means that the home market must have accounted for the whole increase; and, since roughly half British output is exported, home sales must have risen by 50 per cent. Consumption did rise, as a long-term effect of the cut in price made last autumn, but it can hardly have increased as much as this. User's stocks must have grown; it looks as though part of the fall in sales last year was caused by stock reductions, and that buyers had decided to return to the market last spring.

If this was so and stock rebuilding began in the belief that prices would not fall further, buyers must have been unpleasantly surprised when Imperial Chemical Industries took 4d. a pound off the price of polythene early in August. Like the last cut in price, this was caused by the need to keep in step with prices charged by foreign competitors, but this time these were the Italian producers, not American. The Italian plastics industry has considerable excess capacity. Now that polythene costs only 1s. 6d. a pound, sales should increase again; but even if output gets close to capacity, profit margins must be thin for all producers but ICI.

COTTON TEXTILES

Another Mill Closes

WHILE negotiations with Hongkong dragged on, the life was being drained from at least one large mill in Lancashire. A quick restoration of orders was confidently expected when the import question was settled. True, only half of this problem was resolved by Hongkong's undertaking to maintain restrictions on exports of cotton goods to this country; imports from non-Commonwealth sources which attract the full import duty are unaffected. But the first significant closure since scrapping ended under the cotton reorganisation scheme within a week of the new undertaking being given was a rude shock. Had Fine Spinners' Lumb Mill near Ashton-under-Lyne been shut down 18 months ago, the group could have pocketed a fairly significant sum in compensation under the scrapping schemes; the shock of this largely unexpected closure will reverberate far beyond the 300 or so workers who lost their jobs. Despite last year's boom and fears that scrapping had been overdone, are there already too many spindles, and possibly looms, in Lancashire?

The cotton industry is still large and diverse; recently, it was not too difficult to unearth weavers with orders that ensured capacity working for about six months. At the same time, doublers have languished and some spinners, particularly of fine yarns, have felt the full blast of recession. Under

NEW CARS

Utility and Pleasure

THE two new cars unveiled this week have only one thing in common: the prices of both have yet to be announced. The Renault 4 and 4L are intended to put the company into the cheap utility car market that Citroen has exploited so successfully with the 2cv. The Triumph TR4 is meant to strengthen Standard-Triumph International's position in the sports car market where the company is already entrenched with the TR3. Renault has taken great care to make the 4 and 4L cheap cars to produce and to run; they use the same 747 cc engine and three speed gearbox as the 4cv, which they replace, and are similar to the engine and gearbox of the Dauphine, which are made on the same production line. But in the new Renault cars the engine is mounted behind

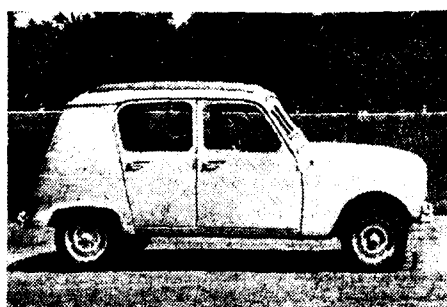
the front wheels, which it drives not at the rear as in the 4cv. This space-consuming layout is one reason why the car is relatively big—about 12 feet long. But it is also roomy for a cheap car, like the 2cv Citroen.

The engine of the new Renault is water cooled but the cooling system should never require attention—unless a hose breaks—as it is filled with anti-freeze in the factory and sealed. An even greater saving in maintenance costs comes from dispensing with the need for greasing of joints after manufacture. The springing is conventional, though intended to give a comfortable ride over rough roads; torsion bars are used for the front and rear wheels. If the car is priced close to the Citroen 2cv it should offer stiff competition, for it will have a better performance, especially in top gear. And it should help to extend the market for new cars down the income scale. No British cars at present compete in this nether-end of the market on the continent—though the BMC baby cars might if there were no tariffs. Likewise, British tariffs will, for the time being at least, preserve the British industry from any real threat from the new Renaults in this country.

The TR4 is more closely related to the



model it replaces than the new Renault. The body is the biggest change. It is intended to make the car appeal to those who want more comfort than the TR3 could provide: winding windows, for example. The engine has been enlarged to 2,138 cc, mainly to give the bigger car the same performance as the old one; the springing is a little softer and the track wider to improve cornering and there is synchromesh on all four gears. Rack and pinion steering is now fitted; this gives precise control, though it is rather heavy. It typifies a masculine and traditional sports car, which retains the ability to attain 100 mph with ease (mechanical if not mental) on English roads. If its price is not too far above that of the TR3, of which 80,000 have been sold, chiefly because it offered the most performance for buyer's money, it should strengthen S-TI's position in the sports car market—especially in the United States.



SHORTER NOTES

The Government has refused Tunnel Portland Cement permission to import Polish coal, which is not unexpected following its rejection a few weeks ago of a similar application from Steel Company of Wales to buy American coal.

★

On August 14th, there were 304,976 people registered as out of work in Britain, 16,000 fewer than at the same time last year, although, expressed as a proportion of the labour force, the rate at each time was 1.4 per cent. Excluding school-leavers and those only temporarily stopped, the numbers wholly unemployed had risen by 20,457 since the previous count on July 10th, the usual seasonal increase being about 9,000. Seasonal factors apart, the August count was the third successive one to show a small rise in unemployment, bringing the level higher than at any time since last December. On the same basis, the number of vacant jobs, which had been increasing month by month this year up to June, fell by 28,000 over the next two months back to the same level as in March.

The World Bank has placed \$100 million in 4 per cent two year US dollar bonds to replace a maturing issue; the bonds have been taken up by private investors in 32 countries. The bank has also announced a loan of \$39 million to Colombia for roads; and its affiliate, the International Development Association, has lent \$5.9 million, on its usual basis of 50 years—interest free, to the Republic of China—i.e. Formosa.

COMPANY AFFAIRS

Comments on pages 908 and 909 on:
Lombard Banking Rank Organisation
Powell Duffryn William Cory
Monsanto Chemicals Albright and Wilson
C. Townsend Hook British Match
Furness Withy

LONDON AND NEW YORK

Stock prices, yields and security indices on pages 910 and 911

LONDON STOCK EXCHANGE

The week's movements reported on page 909

MONEY AND EXCHANGES

Money market report, exchange rates and public finance on page 912

COMPANY MEETINGS

BRITISH TAR PRODUCTS
LIMITED

MR F. WOOLLEY-HART'S REVIEW

The forty-first ordinary general meeting of British Tar Products, Limited, was held on August 31st in London.

The following is the circulated review of Mr F. Woolley-Hart, OBE (the Chairman):

In presenting the Accounts for the year ended March 31, 1961, I have to report a decline in Trading Profit and other Income of £4,566 to £116,845. The reasons for this are explained later in the Address.

The charge for Depreciation has again increased by some £3,000 to £28,001. The net sum of £26,645 has been spent on Capital Account and after this expenditure the surplus of Current Assets over Current Liabilities is £213,454. The charge for Taxation has also increased by £3,265 to £35,048.

However, your Board feel justified in recommending the payment of a Final Dividend of 10 per cent less Tax, making 15 per cent less Tax for the year, a transfer of £15,000 to General Reserve Account and to carry forward to next year's Accounts a slightly increased amount of £28,692.

TRADING REVIEW

In common with some of the large Chemical and other concerns the year started with considerable promise but during the latter portion the general uncertainty of trade had made itself felt and what has been described as the "Behaviour of sales and margins" at the end of 1960 and the beginning of 1961 has retarded—only temporarily we hope—the upward curve of our Revenue and Profit.

The World shortage of Naphthalene seems to be easing and with the prospect of rather more raw material in this Country our refining plant should operate on a more economic footing.

We have extended our Hydrogenation Plant, continuing to enlarge our range of high grade products and whilst rapid expansion is restricted in certain directions by a limited market, it seems inevitable that with the development of the modern chemical industry we shall enjoy the results of our enterprise in due course. Our readiness to undertake special distillation work has enlarged our operations in this field and the necessary extensions to plant will always be undertaken to cope with additional business.

We suffered a setback in production through a rather serious fire at the Naphthalene Plant last July but by the turn of the financial year a considerable amount of the necessary restoration work had been completed. The losses were, of course, fully covered by our insurance.

BULK STORAGE INSTALLATION

As with the manufacturing side so has the bulk storage throughput not advanced during the latter part of the year as quickly as we could have wished, although an increase of 20 per cent over the previous year may certainly be considered satisfactory. There was undoubtedly some slackening in the forward movement of conversion from solid to liquid fuel

burning which doubtless militated against a more spectacular increase, but this should not be sufficient to change the existing trend and there are grounds for thinking that the continuing increase in world demand will be accompanied by a reduction in operating costs.

THE FUTURE

As regards the future, we see no reason to deviate from our programme as planned and we shall in due course proceed with the carrying out of such extensions and additions as seem desirable. We have to face narrowing margins due to cheap chemicals produced on the Continent—particularly beyond the Iron Curtain—penal taxation in our own Country as well as the determined efforts being made by the Coal Industry to promote solid fuel burning, but whilst I must observe and endorse the word of warning uttered by leaders of the large Chemical undertakings, I feel that we can, nevertheless,

THE GLOBE TELEGRAPH
AND TRUST COMPANY

(Investment Trust Company)

A DECADE OF REMARKABLE GROWTH

The eighty-eighth annual general meeting of The Globe Telegraph and Trust Company Limited was held on August 25th in London.



Sir Edward Wilshaw, KCMG, DL, JP, LLD, FCIS (the chairman), presided and, in the course of his speech, said:

For the past ten years each succeeding year has been a record one, and I am glad to report that this has again happened in the financial year which closed in June last. Ten years ago, and I quote in round figures, our gross income was less than £600,000; last year it was £1,600,000. Ten years ago the book value of our investments was £8,250,000; last year it was considerably over £19 million. The value of the investments ten years ago was £9,700,000; the value at June last was £45 million. This is a very satisfying record and one of which all concerned may be proud.

The dividend has been maintained at 10 per cent since 1955 and during recent years from time to time we have given to stockowners free shares by way of capitalisation of reserves and, in addition, have afforded opportunities of purchasing the Company's shares at prices very substantially less than the market price.

The advantages of our policy and progress to the individual Stockowner can best be seen by considering the benefit arising from the investment of £100 in this Company ten years ago when the gross income receivable was £5 9s. Today that investment, without further cost, is worth £490 and provides a gross income of £13 12s.

I have complete confidence in our ability to maintain the payment of a 10 per cent dividend next year on the full amount of the capital as increased during the past year, and I hope that in due course we may be able not only to con-

view the longer term position with reasonable optimism.

STAFF

It is with regret I have to report that Mr A. E. Brown, who has been in the employ of the Company since its formation in 1916 and has filled the position of Managing Director since June 1, 1947, has intimated he feels the time has now come when he should retire and his resignation which will become effective as from September 30th next has been reluctantly accepted by the Board, who wish to place on record their high appreciation of his services which I am happy to tell you we have arranged to retain on a consultancy basis.

I end my address with a word of thanks to my Colleagues and to all in the Company's service for their efforts in a somewhat anxious and disappointing year.

The report and accounts were adopted.

tinue paying a 10 per cent dividend but also to continue from time to time our policy of issuing free shares and shares on advantageous terms.

DIVIDEND RESTRICTION

The Chancellor's request to companies to refrain from increasing the rate of their dividends does not apply to this company because for a number of years it has been our well known policy to maintain the payment of dividends at the rate of 10 per cent yearly and we shall hope, in normal circumstances, to be able to maintain this rate for so far as we can see ahead. Nevertheless, should your company's income be affected by the Government's current request for dividend restriction it should be borne in mind that a degree of stability for your own dividend is ensured by the provisions made to the General Reserve and to the substantial amount of the unappropriated earnings carried forward.

Normally Trusts, and this applies more particularly to Unit Trusts, own a balanced portfolio of investments, so that if there is a reduction in dividend in some it is compensated for by increased dividends from others. If, therefore, the Chancellor of the Exchequer's request is carried out in such instances it means that the Investment Trust Companies concerned will have to bear the loss of any reduction in dividends received, without any compensating advantage in receiving increased dividends from others who have been more prosperous. So far as this Company and the associated companies within the Group are concerned, this does not worry us, for reasons previously stated that we have sufficient reserves in hand to continue the maintenance of the 10 per cent dividend. But this, I fear, does not apply to all such companies, and certainly will prove an embarrassment to some Unit Trusts which are doing their best to encourage the small saver.

This Company, as you may well know, has for many years done its utmost to encourage the smaller investor and I think the success of our efforts is amply evidenced when I tell you that, over the past five years, the number of accounts on the register of this Company alone of owners of Ordinary Stock, has increased by no less than 100 per cent and at present stands at some 14,000 accounts.

The report and accounts were adopted.

I.B.E. LIMITED

SUBSTANTIALLY INCREASED PROFITS

The thirty-third annual general meeting of I.B.E. Limited was held on August 29th at Slough, Mr Robert Montgomerie (the Chairman) presiding.

The following is a summary of his circulated statement: The increase of 35 per cent in our Trading Profits for the year to March 31st last is a very satisfactory achievement and at £192,163 our Earnings are within a few hundred pounds of the record reached in 1952.

After charging Taxation and all other outgoings the Net Profits attributable to shareholders of the Parent Company show an increase of 39 per cent over the comparable figure for last year and in the circumstances your Directors felt justified in raising the Ordinary Dividend to 12½ per cent.

The opportunity arose during the year of acquiring on satisfactory terms all the shares of Bristowes Tarvia Ltd., a company already established in the road business. Bristowes Tarvia Ltd., and its subsidiaries, operating from factories at Grantham and Hereford, are principally engaged in the manufacture and distribution of bituminous emulsions and the well-known proprietary compound "Tarvia."

SUCCESS OF NEW PRODUCT

Our other companies concerned with roads have made encouraging progress and it is particularly gratifying that the new type of surface dressing material, to which reference has been made in previous years, is being received most enthusiastically by a constantly widening circle of users. The material is now being marketed in Great Britain under the Trade name "Surfix" and arrangements are in hand for the registration of this name in several overseas territories.

Our business in specialised building materials has continued to expand in a very satisfactory manner. These materials, which have been developed over a number of years, were until recently being sold under various names in different parts of the country and consequently during the year it was considered desirable to form a new company, Plycol Ltd., for the purpose of marketing them in attractive packings bearing the uniform Trade Mark "Plycol." The wide range of products being sold under this name includes anti-corrosives, adhesives, concrete additives, jointing compounds and a variety of materials for the treatment of roofs, floors and walls.

Although conditions in the paint trade continue to be highly competitive and margins are consequently restricted, I am pleased to tell you that the position of our own companies in this field has been more than held.

Having reviewed the Group's interests in South Africa and Pakistan, the Chairman continued: Taking a long view I think it is fair to say that the policy being adopted by your Board gives us every reason for confidence. With regard to the more immediate position, current reports of our various activities give every indication that the advancement made last year is being well maintained and, provided we are faced with no unforeseen disturbances, it is reasonable to expect that the present year will be no less satisfactory.

The report was adopted.

BRITISH MATCH

RESULTS FOR 1960/61

Group profit before taxation was £3,344,000; last year it was £3,574,000.

A final dividend of 1s. 4d. per £1 stock is recommended, making 2/- for the year.

THE MATCH INDUSTRY

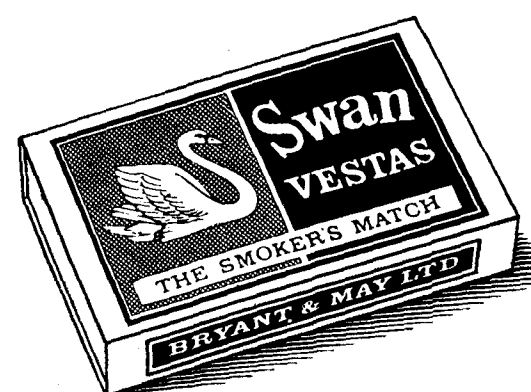
Total profits from matches were higher, due to improved trading by our companies in the Commonwealth and South America. A £600,000 factory is to be built at Recife, Brazil.

At home, Bryant & May celebrated their 100th year of match-making by completing their £1,500,000 modernisation plan and were honoured by a Royal Visit.

The Government, despite protests, again permitted higher imports of matches from behind the Iron Curtain. These matches are dumped here, without a specific statement of origin, marked merely "Foreign Made".

DIVERSIFICATION

In general, match consumption has ceased to grow. The group now has 23.9% of its assets in other industries and means to expand and increase such interests. These already include Weyroc woodchip board, Prestfibre wood-pulp mouldings, Peerless hotpress blocking foils, Setright ticket issuing machines, Pain's fireworks, Hunt's sparklers, Silver Fleece steel wool, Mills' wire products; also cardboard cartons and boxes made and printed by the Chapman, Coutts and Wolverhampton Box companies.



Report and accounts may be had from British Match Corporation Ltd., Fairfield Road, London E.3.

THE INDIAN IRON & STEEL COMPANY, LIMITED

(Incorporated under the Indian Companies Act 1913)

INDIA'S OPPORTUNITY IN WORLD STEEL MARKET

The Annual General Meeting of The Indian Iron and Steel Company, Limited will be held on September 5 in Calcutta.

The following is an extract from the statement by the Chairman, **Sir Biren Mookerjee**, which has been issued to the shareholders for the year ended March 31, 1961.

Production of iron for the year at 1,160,576 tonnes and of steel ingots at 914,159 tonnes showed an improvement over the previous year and constituted a fresh record for the Company. There are however no grounds for complacency for with the serious deterioration in the quality of raw materials there can under existing conditions be no possibility of achieving the output envisaged at the time the expansion of our plant was planned, and in fact serious difficulties are foreseen even in maintaining production at the 1960/61 level.

It should be borne in mind that the financial results disclosed are based on provisional steel sales realisation figures which are subject to revision according to the decision of Government on the pending inquiry by the Tariff Commission as to the steel retention prices to apply from April 1, 1960. To obviate hardship while the matter is under reference, Government have granted a provisional price increase as from April 1, 1960.

The main difficulty in achieving the iron and steel output envisaged is the extremely high and varying ash content in presently available metallurgical coal coupled with erratic supplies and the fact that owing to the transport position our stock of coal is diminishing so severely that unless the position rapidly improves, we shall be forced to curtail the production of iron.

Until the raw materials position improves, which I fear cannot be for some years to come, operation must perforce be carried on under extremely difficult and restrictive conditions. In fact, it would seem that before improvement takes place, the position must yet further deteriorate, for there remain still three more blast furnaces to be brought into operation in the public sector plants. I view with the greatest disquiet the consequences of this impending further demand in relation to the existing shortage of coal and transport.

I would make it clear that we have abundantly proved that given working conditions in any way approaching those assumed at the time the extensions were planned, our plant, as now expanded, possesses the full designed output potential. This has been conclusively demonstrated on those unfortunately rare occasions when a combination of fortuitous circumstances has enabled us to operate temporarily under reasonably normal conditions.

Export of Steel: India, at present, stands on the threshold of a golden opportunity to secure a place for herself in the world market for steel. It is now for the Government advantageously to utilise this position and thereby tap a vast source for earning the foreign exchange which is so vital to the progress of the country. Unless adequate measures are taken immediately there is, in my opinion, grave danger of allowing this opportunity to escape.

East of Suez and in most parts of Africa, there is a vast and growing demand for iron and steel at present. India is in an enviable position to meet these requirements being basically one of the cheapest producers of iron and steel in the world, having been abundantly endowed by nature with practically all the essential raw materials and the manpower. This position is however obscured by the inflation of production costs by the large contributions which directly or indirectly are levied on the industry for the benefit of Governmental revenues.

Our iron ore resources are noted as being not only practically exhaustless but also of the highest quality. Yet for the reason I have mentioned we find ourselves in the unfortunate position of being outpriced in so far as our competitive position is concerned *vis-à-vis* the other exporting countries of the world except, perhaps, the USA.

The Government at present allows an export rebate of approximately Rs. 53/- per metric ton of finished steel equivalent to the Excise Duty levied on the steel ingot. Even after taking advantage of the rebate so allowed by Government, the Indian producer cannot compete with the prominent steel exporting countries, namely the UK, Japan, Belgium and Germany. To strengthen the position of the Indian producer I feel that Government should give serious consideration to the adoption of measures which will enable the producers to reduce their production cost as much as possible under present working conditions.

Labour: I referred last year to the persistent rise in our Works cost despite the increase in our production. Much of this increased cost is due to the severe Governmental revenue imposts inflicted on industry in the shape of excise duties, increased customs duties, cesses, sales tax and the like, which either directly, as in the case of the steel excise duty, or indirectly by their effect on the delivered cost of goods, enter into our cost of production. Outside these items however, perhaps the most serious single factor is the persistent and inflationary rise in labour costs which again reflects directly or indirectly on our cost of production.

Labour in the Indian steel industry is better off by and large than similar labour employed in other industries in the private sector and in all industries in the public sector.

Coupled with and directly bearing on the pay to be assigned to a job is the question of manning. In our own case we are at present compelled to employ at least twice as many men as are necessary having regard to the almost complete mechanisation of our plant, and to keep them in employment irrespective of our needs or of our costs.

I would make it clear that I do not for one moment suggest the imposition of a ceiling on the income of any workman. What I do suggest however is in effect a ceiling on the labour cost per ton of output, which is a vastly different matter. If industry is to continue to suffer from overmanning and low productive effort, then wages cannot be increased without inflation and loss of competitive power in world markets.

DONALDSON TEXTILES LIMITED

("Donbro" Ladies' and Men's Knitted Outerwear, "Copley" Hand Knitting Yarns and "Berkshire" Nylons)

GROUP SALES SHOW FURTHER EXPANSION

The fifteenth annual general meeting of Donaldson Textiles Limited was held on August 30th in London, **Mr Alasdair Donaldson** (the chairman) presiding.

The following is an extract from his circulated statement:

The Consolidated Trading Profit amounted to £467,469 compared with £458,438 in the previous year. Depreciation amounted to £133,768 against £126,189 last year, and taxation at £175,532 is £21,346 more than a year ago. The net profit for the period is £183,704 against £205,757 in 1959-60.

During the period under review the sales of your Group showed further expansion—a 10 per cent increase over last year's record turnover. Again however we experienced the continued trend of rising costs in a market unresponsive to any form of increased prices. Your company, along with others in the industry, has absorbed these costs through improvement of production methods and factory layout but there is no doubt that as the scope for absorption becomes more limited the problem of maintaining profit margins without increasing prices becomes increasingly difficult.

In my last statement I referred to the increasing competition from overseas countries. This has continued to increase, with imports of knitted goods rising by nearly 50 per cent during 1960 to a total of 14.7 million pounds.

Our sales to overseas countries again show an increase but the demands on our flexibility to meet specialised market requirements become heavier. This we feel is one of the key factors to be overcome if our penetration into some of these markets is going to extend.

FUTURE

Forecasting the future in the textile industry is always something of a dangerous occupation. Perhaps at this particular moment when it seems probable that the Government are endeavouring to find a formula which would permit this country to join the Common Market, forecasting the future becomes more hazardous. If this takes place, no one at this stage can envisage what the costs are going to be to a particular industry or what benefits are going to accrue to other sections of our economy.

The possibility of a market of this size becoming more open to our products must be exciting. We do not minimise the challenge it could make to us, but accepting the fact that we meet the demand for flexibility—a point which I stressed earlier in my statement—I see no reason why we cannot meet this with confidence. Our whole policy over recent years has been to re-equip our organisation for any future developments.

Our sales position in the earlier months of the current year shows increases compared with the corresponding period of last year, but again there has been the continuing tendency to delay in buying for Autumn requirements.

The report and accounts were adopted and the final dividend of 7½ per cent on the Ordinary Shares, less tax, making 12½ per cent for the year, was approved.

BANQUE DE L'INDOCHINE PARIS

The Annual General Meeting of BANQUE DE L'INDOCHINE was held in Paris on June 28th, and the following are details of the report presented by the Board of Directors:

In general, the Bank's operations in the Far Eastern countries showed satisfactory progress.

Operations in the French Pacific territories also continued to improve. In spite of present political difficulties, *French Bank of Southern Africa Ltd.*, the South African subsidiary, again strengthened its position. Operations in Ethiopia

and Saudi Arabia continued to be hampered by current conditions but the Djibouti branch returned favourable results.

The activities of the London branch remained satisfactory, and work began on the expansion and modernisation of the offices, which could no longer accommodate the increased volume of business. In New York, the *French American Banking Corporation* continued to expand the scope of its activities satisfactorily.

As in previous years, the Bank, which ranks as one of the leading "*Banque d'Affaires*," participated in France's economic development particularly as regards the export trade. In this context, the 1960 report contains most valuable

S. HOFFNUNG & CO., LIMITED

TURNOVER MAINTAINED

The Fifty-ninth Annual General Meeting of S. Hoffnung & Co., Limited, will be held on September 18th in London.

The following is an extract from the Statement of the Chairman, **Mr Pierre J. A. Lachelin**, for the year to March 31, 1961:

During the year to March 31, 1961, the overall turnover of the Group was fully maintained; unfortunately the continued rise in overheads

and intensified competition have led to lower profit margins, and the Group profit before taxation has been reduced to £492,122 against the record profit of £645,760 achieved last year.

The maintenance of turnover under difficult conditions is a tribute to the exertions of the Management throughout the Group and of their teams in Australia and New Zealand.

The net profit is £302,346 compared with £396,578. The Board are recommending a final dividend of 12 per cent free of tax which maintains the distribution for the year at 16 per cent free of tax.

Turnover for the first four months of the

information on the numerous financial and industrial subsidiaries of the Bank: *Comptoir Lyon-Allemand; Crédit Foncier d'Algérie et de Tunisie; Banque Franco-Italienne pour l'Amérique du Sud; Compagnie des Salins du Midi; Entreprise de Dragages et de Travaux Publics; Le Nickel*, etc. As a result of the increased activity, revenue from domestic operations was sufficiently high to offset the lower interest rates in force during the year.

Net profit for the year amounted to NF. 10,217,302.27 as against NF. 9,826,077.58 for 1959, and it is proposed to distribute NF. 7,593,602.95 in the form of a net dividend of NF. 10 per share.

current year has not kept up with the figures for the corresponding period of last year, but owing to seasonal factors this is not necessarily a reliable pointer to the prospects for the remainder of the year. The adverse balance of trade which was causing concern to the Commonwealth authorities last year has happily been corrected. If the improvement is maintained this should enable the Australian Government to continue to give freer rein to the economy and so conduce to a higher volume of internal trade. This volume is of direct interest to us, but at the present time it is impossible to forecast the net effect on the year's results.

APPOINTMENTS

UNIVERSITY OF GHANA

DEPARTMENT OF MATHEMATICS

Applications are invited for the post of SENIOR LECTURER OR LECTURER IN APPLIED MATHEMATICS

Salaries: Senior Lecturer: £G1,750 x £G75 —£G2,200.
Lecturer: £G1,050 x £G50 —£G1,400 x £G75 —£G1,850 —£G2,900.
Non-Ghanainian an additional 20 per cent.
Entry at appropriate position.
Appointment normally five years in first instance.

Outfit allowance £G60. Car allowance £G150 p.a. Family allowance for non-Ghanainians for each child in West Africa £G50 p.a. or, if under age of 21 and being educated outside West Africa, £G100 p.a. (maximum five children). Part furnished accommodation at charge not exceeding 7.5 per cent. of salary. F.S.S.U. policies maintained if already held, or superannuation on similar basis.
Passages for appointee and family in appointment and normal termination. Annual leave with three overseas return passages in every four years for non-Ghanainians and one every three years for Ghanainians.
Applications (six copies) with full details of qualifications, experience, etc., and naming three referees to be sent before September 25, 1961, to the Assistant Registrar (London), University of Ghana, P.O. Box 10, Legation Square, London, W.C.1, from whom further information may be obtained.

UNIVERSITY OF MALAYA IN KUALA LUMPUR

LECTURER/ASSISTANT LECTURER IN THE DEPARTMENT OF ECONOMICS

Applications are invited for the above-mentioned post. Candidates should have good qualifications in Economics and Statistics. Teaching experience in these subjects is desirable. Experience in Statistical field work in the Malaysian Rural Economy will be an added advantage.

The salary for a Lecturer is £1,148 x £49 —£1,442/£1,540 x £56 —£1,820 and for an Assistant Lecturer £1,001 x £49 —£1,099 per annum. In addition a variable allowance is at present paid at 35 per cent of basic salary, subject to certain maxima, together with expatriation allowance at specified rates.
An allowance is made towards travelling expenses and housing assistance is available.
Further particulars and application forms should be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.
Applications close, in Kuala Lumpur and London, on September 30, 1961.

For other appointments see pages 914 & 915

THE QUEEN'S UNIVERSITY OF BELFAST

The Senate of the Queen's University of Belfast invites applications for a Chair in Economics or Applied Economics from January 1, 1962, or such later date as may be arranged. The salary will be £3,000 p.a. F.S.S.U. arranged. The salary will be received by October 16. Applications should be received by October 16. Further particulars may be obtained from G. R. Gowie, M.A., LL.B., J.P., Secretary.

TECHNICAL SUB-EDITOR GRADED ASSISTANT EXPERIMENTAL OFFICER

required at Building Research Station (D.S.I.R.) Garston, Watford, Herts., to assist in preparation of publications for building industry. Physical, engineering and operational research and offers experience of wide range of chemical and information work. Experience in technical editing advantageous. Qualifications: G.C.E. "A" level in two science or mathematics subjects or equivalent. Over 22, pass degree, H.N.C. or equivalent generally expected. Salary range £450 (age 18) —£776 (age 26) —£957. Application form from Director at the above address, quoting BRS. 30G. Closing date September 18, 1961.

BUSINESS AND PERSONAL

ALMOST any learned and scientific journals, transactions, proceedings, etc., wanted. Items such as "Nature" (before 1945), Royal Statistical Society Journal, Royal Society Philosophical Trans. & Proc., A & B, and also Bibliography including English Catalogue of Books, Cumulative Vols., Palmer's "Official Index to the Times," etc., constantly sought.—H. Pordes, 138 New Cavendish Street, London, W.1. MUSEUM 5250.

THE CORPORATION OF SECRETARIES

Company Secretaryship to-day calls for specialised skills and Boards of Directors have become increasingly aware of the advantages to be derived from appointing INCORPORATED SECRETARIES. The syllabus of the qualifying examinations is obtainable from

THE SECRETARY,
DEVONSHIRE HOUSE,
13 DEVONSHIRE STREET,
LONDON, W.1.

DON'T SIGN away your rights when buying your car. SHOPPER'S GUIDE (15s. p.a.) advises how to deal with Guarantee Forms that may affect your legal safeguards.—Write Consumer Council, Orchard House, Orchard Street, W.1.

THE INSTITUTE OF COST AND WORKS ACCOUNTANTS

DECEMBER 1961 EXAMINATIONS
The next Intermediate and Final Examinations will be held at the usual Home Centres on the 4th, 5th and 6th December, 1961. Applications on Form C (obtainable on receipt of self-addressed, stamped label) should be lodged with the undersigned as soon as possible, in any case not later than 10th October, 1961. No late entries will be accepted.

DEREK DU PRÉ, Secretary,
63, Portland Place, London, W.1.

EXPERT POSTAL TUITION

for Examinations—B.Sc.(Econ.), Law, Accountancy, Costing, Secretarial, Civil Service, Management, Export, Commercial, General Certificate of Education, etc. Also many practical (non-examination) courses in business subjects.—Write to-day for free prospectus and/or advice, mentioning examination or subjects in which interested, to the Secretary (G/2).

METROPOLITAN COLLEGE, ST. ALBANS

or call at 30 Queen Victoria Street, London, E.C.4. Established 1910.

MAGEE UNIVERSITY COLLEGE, LONDONDERRY

Applications are invited for a Lectureship in Economics (with statistics or accounting as subsidiary subjects) with effect from October 1, 1961, or as soon as possible thereafter. The appointment will be for two years in the first instance but will carry prospects of permanency. Salary will be in the range £1,000-£1,400 with Family Allowances and F.S.S.U. benefits.
Applications should be sent not later than September 21st to the Secretary to the College, Magee University College, from whom further particulars may be obtained.

EDUCATION AND COURSES

B.Sc.(ECON.)

LONDON UNIVERSITY
U.C.C. founded in 1887, successfully prepares students for this Degree (obtainable without residence), which is a valuable qualification for those seeking executive appointments in commerce or industry, government or municipal posts.—Prospectus, giving details of Courses for other London Degrees, G.C.E., Law Exams., etc., from Registrar, University Correspondence College, 60 Burlington House, Cambridge.
SECRETARIAL TRAINING, especially for university graduates and older students.
Six-month and intensive 14-week courses.—Write Organising Secretary, Davsons, 158 Holland Park Avenue, W.11. PARK 4654.

TUITION FOR B.Sc. ECONOMICS

Wolsey Hall (Est. 1894) provides Postal Courses in a wide range of subjects for the two examinations for London Univ. B.Sc.Econ. (three if entrance is included) at moderate fees. 431 Wolsey Hall students passed London Univ. B.Sc. Economics exams 1950-60. Tuition also for G.C.E., Law, Statistical, other exams.—Prospectus (mention examination) from E. W. Shaw Fletcher, C.B.E., LL.B., Director of Studies, Dept. P.17.

WOLSEY HALL, OXFORD

COLLEGE OF ADVANCED TECHNOLOGY, BIRMINGHAM

Part-Time Course for Personnel Officers

This course is for people already working in industry, who aim at professional qualifications in Personnel Management, and is for one day and one evening each week for two academic sessions. Successful completion of the course is accepted by the Institute of Personnel Management as a qualification for Graduate Membership.
Subjects of the course include Personnel Principles and Practice, Psychology, Industrial Relations and Industrial Law. Students will undertake practical work in interviewing and projects involving some field study.
Admission is dependent upon acceptance as a Student Member of the Institute of Personnel Management. Students must be of graduate standard or equivalent level of qualification. The next course opens in the week commencing October 2, 1961. Application should be made before September 9th to Bursar, Room 40 (D), College of Advanced Technology, Gosta Green, Birmingham, 4.

ADVANCED STUDIES IN MARKETING

The winter series of one and two day seminars organised by London School of Marketing, includes:—

- Oct. 10/11: Marketing skills and higher management.
- Oct. 30: Selling in the French Market.
- Nov. 13: The Italian demand for British Goods.
- Nov. 16: Forecasting—the new techniques.

Reservations and full programmes from:

London School of Marketing Limited,
Newspaper House, Great New Street,
London, E.C.4. Fleet Street 5635

COMPANY AFFAIRS

Lombard Banking

IN the interests of "prudence and caution," Lombard Banking has cut its interim dividend from 9½ per cent to 5 per cent. There was an air of optimism about Lombard's last annual report. The chairman, Mr E. G. Spater, then said that the current year had brought an increasing flow of "excellent new business" which was having a "marked effect on profitability" and that the group was "stronger and better equipped than at any previous time in its history."

What has changed? Have provisions for doubtful debts proved too small after all? Certainly, the increase in Bank rate has reduced the profitability of existing contracts. It is also likely that consolidation has been expensive in the short term—the cost of unwinding its business in Africa must be considerable. Last year's total dividend of 19 per cent was not fully covered; there was evidently no room for a further reduction in profit if the dividend was to be maintained.

Lombard is also caught up in the toils of Overseas Airways, part of whose fleet of aircraft it financed. Although only the operating subsidiary is being liquidated, the position of the parent company, without spares or fuel for its aircraft, cannot be happy. Repossession of the aircraft would possibly result in a loss.

Rank Organisation

THE directors' forecast in April of an improvement in the profits of the Rank Organisation in the year to June 24th has been borne out by the preliminary figures. The increase is substantial; gross profits have risen from £4,003,000 to £5,082,000. Earnings on the ordinary capital before the rights issue in May are more than 61 per cent, compared with 40 per cent last year and 5 per cent in 1958-59. As forecast, a final dividend of 15 per cent on the increased capital is recommended, raising the total payment from 15 to 22½ per cent. The latest results include 18 months' profits from Rank Precision Industries, whose accounting year has been altered. This change added £32,000 to the net profit of the group; excluding this, the net profits still rose by 81 per cent from £719,000 to £1,302,000.

The other Rank subsidiaries had mixed fortunes: Bush and Rank Cintel's gross profits dropped by £575,000 and those of Provincial Cinematograph Theatres by £310,000; but Gaumont, Odeon Property, Odeon Associated and General Theatre earned more.

At 23s. 3d. the 5s. "A" shares of Rank Organisation yield 4.8 per cent on the 22½ per cent dividend, which is covered 2½ times by earnings. The 10s. shares of Gaumont British yield 5.8 per cent on the 20 per cent

dividend paid this year, compared with 17½ per cent for 1959-60. The group reaped the benefit of the abolition of entertainments tax last year and higher prices for cinema seats throughout the whole of its financial year. The rights issue raised £2.6 million, of which £1½ million was to be used for "general purposes." Last year Rank got out of the record business; it is now enlarging its interests in bowling alleys and has won the contract for running the only service area on the Medway Motorway.

Powell Duffryn and William Cory

BROADLY, Powell Duffryn and William Cory are in the same line of business—coastal shipping (with some deep sea ships) and the distribution and storage of coal and oil. Of the two, William Cory seems the more dependent upon colliers and coal. Powell Duffryn is more broadly based, with the greater part of its profits arising in roughly equal proportions from coal, oil, shipping and heating and engineering.

Both companies did well in the year to March 31st. Powell Duffryn reports a rise of 19 per cent in gross profits from £2,157,000 to £2,564,000 and of 17 per cent in net profits from £1,181,000 to £1,385,000. William Cory shows a rise of 18½ per cent in gross profits from £1,519,000 to £1,799,000 and of 17½ per cent in net profits from £912,000 to £1,073,000. About half of Powell Duffryn's increase can be ascribed to first contributions made by new acquisitions. Both companies left their dividends unchanged: at 15 per cent, covered 1¼ times, for William Cory and at 16 per cent, covered 2¼ times, for Powell Duffryn, though the latter would have paid 18 per cent but for the Chancellor's request for dividend restraint.

William Cory has practically completed its development and ship replacement programme and on March 31st its outstanding commitments amounted to no more than £300,000. Powell Duffryn, on the other hand, had commitments on March 31st of £2 million, mainly for ships, and since then further authorisations, including the Purfleet oil storage installation, have added another £1½ million. Not all of this falls within this year and the group's cash flow should be sufficient to finance it. But the difference does suggest that while shareholders in William Cory can view prospects in terms of the group as it now is, shareholders in Powell Duffryn have to view their prospects after more investment in ships and oil storage.

The chairman of Powell Duffryn, Sir Henry Wilson Smith, describes the outlook as "satisfactory" but it will be surprising if either company is able to manage an ad-

THE ECONOMIST SEPTEMBER 2, 1961

vance in profits in 1961-62 comparable with that achieved in 1960-61. Powell Duffryn at 35s. 7½d. xd yield 4½ per cent and William Cory at 45s. 6d. xd yield 6.6 per cent. Both companies have been able to report a slight increase in the gross rate of return on equity capital employed (up from 9.1 to 10.5 per cent for Powell Duffryn and up from 7.8 to 8.8 per cent for William Cory) but the returns are still low, and are likely to remain so until shipping shows a decisive recovery.

Monsanto Chemicals and Albright and Wilson

COMPETITION in the chemical industry cut Monsanto's profit margins in the second half of 1960 and they did not recover in the first six months of this year. Published profit figures for this period exclude investment income and the earnings of the Australian subsidiary. Compared with the first half of last year, sales at £10,672,000 were slightly higher, but net profits fell by more than 41 per cent from £651,000 to £381,000. Excluding investment income, gross profits appear to have improved from £688,000 to £826,000 between the latter half of 1960 and the first six months of this year. But the Australian subsidiary has made a small loss so far this year, so that these figures may exaggerate the extent of the recovery.

This small recovery might have brought a measure of comfort to shareholders, but the chairman, Sir Miles Thomas, says that the fall in prices has more than offset economies made in manufacturing. The inference seems to be that the profit earned on each item produced is still under pressure, particularly abroad where Monsanto sells 35 per cent of its output. Monsanto's interim dividend has been maintained at 5 per cent. On last year's dividend of 15 per cent the 5s. ordinary shares at 17s. 7½d. yield 4½ per cent.

Albright and Wilson has also suffered a reduction in profit margins. In the six months to June 30th its gross profits fell by 4½ per cent from £2,889,000 to £2,762,000, allowing for the post-acquisition profits of W. J. Bush. Investment allowances cut the tax charge so that net profits advanced from £1,407,000 to £1,436,000. Though these allowances will continue in the second half of 1961, the directors expect a bigger charge for depreciation and narrower profit margins to cause a further drop in gross profits. Albright and Wilson's 5s. ordinary shares yield 4½ per cent at the current price of 22s. 3d.

C. Townsend Hook

A COMPLICATED situation confronted the directors of C. Townsend Hook, the paper manufacturers, and the directors of The Times when the Daily Mirror secured

THE ECONOMIST SEPTEMBER 2, 1961

control of George Newnes. The latter held sufficient voting preference and ordinary shares in C. Townsend Hook to control 13 per cent of the votes. The Daily Mirror, with alternative sources of paper, is gradually switching its suppliers; this will be completed by 1966 when the directors of C. Townsend Hook expect to have found other outlets. In these circumstances, the Daily Mirror did not wish to remain a shareholder in C. Townsend Hook and offered its holding to The Times, which itself controlled about 19 per cent of the votes. The Times bought the Newnes holding for about £600,000 and so gained control over about 32½ per cent of the votes.

Its condition for buying was that it could also acquire additional shares to give it a majority vote. Accordingly, The Times acquired a 90 days' option from the directors of C. Townsend Hook and their associates to purchase sufficient preference shares at 21s. and ordinary shares at 116s. 3d. to obtain control. During the option period, The Times agreed to offer 21s. per share to all preference shareholders and to try to buy ordinary shares through the market. This arrangement was made known to shareholders and last week The Times was buying voting ordinary shares at prices marked between 112s. and 114s. 9d. Since then, the price has slumped to 80s., nominal, for if all preference shareholders accept, The Times will have sufficient shares for control. Neither The Times, nor the directors of C. Townsend Hook seem anxious that the options should be exercised. Indeed, the C. Townsend Hook directors clearly wish to remain as shareholders. If no options are exercised, they will retain a substantial portion of the outstanding shares and the number of other public shareholders with voting shares will be small.

A point of principle is involved in this deal. To announce that options had been granted and that The Times would bid in the market is preferable to any attempt to secure control through unpublicised buying in the market; the announcement put all shareholders on the *qui vive* to act as they saw fit. But it was still a partial bid, first come, first served. Such bids can work inequitably and either a full bid for the preference and a *pro rata* bid for the voting ordinary would have been preferable. Whether any desire of the C. Townsend Hook directors to retain their shareholdings got in the way of such an approach is not clear. But the way is still open for The Times, if it chooses, to offer to buy all the voting ordinary shares from the public, other than those owned by the directors.

British Match

THE impression that shareholders might have drawn from the preliminary results of British Match was that although diversification outside the match industry held the key to the group's expansion, in its financial year to March 31st last these other interests had suffered a setback that was

partly offset by a recovery in the match trade. But though its Brazilian subsidiary appears to have improved considerably on its previous results, overall profits from its match interests are less than 2 per cent higher. Judged by the published breakdown of profits in the full accounts, the big shift in the source of profits earned last year was caused by a reduction of more than a quarter in profits from business other than matches.

BREAKDOWN OF INTERESTS

	1958-59	1959-60	1960-61
	%	%	%
Asset values:—			
Match industry.....	85.7	77.8	76.1
Other activities.....	14.3	22.2	23.9
Gross profit:—			
Match industry.....	85.4	73.6	80.1
Other activities.....	14.6	26.4	19.9

The Airscrew company suffered from the increased competition in chipboard and reduced demand for the furniture industry. Logging was hit by the depressed lumber market in Western Canada. But in matches, though home demand is static and imports increasing, sales abroad are steady and over a longer period have made good losses in the home market. At 36s. 3d., the £1 units of British Match yield 5½ per cent on the unchanged dividend of 10 per cent.

Furness Withy

THE full report from the Furness Withy shipping group gives plenty of reasons why trading profits fell by 7½ per cent from £4,727,000 to £4,380,000 in the year to April 30th. The wonder indeed is that the fall was no steeper. One of the causes of higher costs in shipping is the recent increase in wages and this together with labour disputes has certainly affected the group. But the directors also list a number of contributory factors. The costs of running the North American Pacific coast service have risen faster than earnings and competition in cruises from United States ports has become increasingly severe. The St Lawrence seaway trade has not lived up to earlier expectations and the Warren Line, operating between Boston and Nova Scotia, has carried fewer passengers. The improvement in the Mediterranean trade in the previous year was not maintained and import restrictions in Australia and New Zealand have had an adverse effect on Shaw Savill's results.

These setbacks have clearly reduced earnings, but the Shipping Exemption Order makes it difficult to estimate by exactly how much. But even on the published figures, the gross return on equity capital employed is only 3½ per cent. Although the group's additions to its assets are impressive, including six new ships last year, capital commitments still amount to almost £10 million, and it will need a remarkable turn of fortune to raise the £1 ordinary shares much above their current low point of 37s. 9d. xd., at which on the maintained dividend of 10 per cent they yield 5.3 per cent.

London Stock Exchange

FIRST DEALINGS:	Aug. 4	Aug. 21	Sept. 4
LAST DEALINGS:	Aug. 18	Sept. 1	Sept. 15
ACCOUNT DAY:	Aug. 29	Sept. 12	Sept. 26

ACTIVITY on the stock market fell to a very low level before the weekend, and the number of bargains marked on Thursday of last week was the lowest of any day this year. Equity prices fell before the weekend just as they did on Wall Street and on the Continental bourses, notably Frankfurt, on the heightening of tension in Berlin. The tone, reflecting a slight easing of this tension over the weekend, was better on Monday though the level of business remained very low. On Tuesday and Wednesday there was a slight increase in the demand for industrial equities but the buyers, including some trustees, were selective and concentrated on the blue-chip issues. Over the week to Wednesday's close *The Economist* indicator gained 0.4 points to 366.4. Prices turned easier on Thursday, partly as a result of the announcement that the Russians were to resume nuclear weapon tests and partly because of further discouraging reports from some companies.

The gilt-edged market was very quiet before the weekend and the prices of all but the short dated stocks fell back. On Friday there was some trustee selling but after the weekend, prices began to rise, partly as a result of some switching into longer-dated stocks by a few institutions and partly because some of the jobbers were squeezed. Limited gains occurred over the week in the short dated stocks; with 4½ per cent. Conversion 1964 rising by ½ to 95½. 3½ per cent. Funding 1999-2004 gained ½ to 56½ and among the irredeemable stocks foreign buying led to a rise in 3½ per cent War Loan from 52½ to 53½.

Despite falls before the weekend bank shares held their prices over the week and Barclays gained 1s. to 69s. 3d. There was some improvement in insurance shares, with Commercial Union gaining 1s. 9d. to 67s. 3d. The news of the lower interim dividend from Lombard Banking resulted in a fall of 10½d. to 14s. 10½d. Brewery shares were quiet, though Watney Mann gained 1s. 6d. to 92s. The news of narrowing margins from Albright and Wilson and Monsanto pushed chemical share prices down; ICI lost 4½d. to 68s. Stores generally held their ground and Marks and Spencer "A" gained 2s. to 99s. 4½d.

Steel shares were generally better with Dorman Long gaining 2s. to 30s. 7½d. Metal Box gained 6s. to 82s. 6d. Unilever fell by 2s. 6d. on Wednesday and thus made a net loss of 3s. to 141s. 9d. over the week. Food shares were slightly firmer but tobacco shares were rather lower. The news of short time working at Standard Triumph led to a sharp drop in the price of Leyland of 6s. 4½d. to 91s. 6d. Kaffirs were fairly steady over the week but the volume of business was small; Anglo American lost 2s. 6d. to 127s. 6d. but Free State Geduld gained 1s. 1½d. to 81s. 1½d.

LONDON AND NEW

Prices, 1961		BRITISH FUNDS AND GUARANTEED STOCKS		Price, Aug. 23, 1961	Price, Aug. 30, 1961	Net Yield, Aug. 30, 1961	Gross Yield, Aug. 30, 1961	Prices, 1961		Last Two Dividends (a) (b) (c)	ORDINARY STOCKS		Price, Aug. 23, 1961	Price, Aug. 30, 1961	Yield, Aug. 30, 1961	Cover
High	Low					%	%	High	Low							
92 1/2	88 3/4	Savings Bonds 3%	1955-65	88 1/2	88 1/2	5.0	5.0	89 7/16	64 1/2	%	BANKS, DISCOUNT & HP		68 3/4	69 3/4	3.75	
101 1/2	99	Conversion 4 1/2%	1962	99 1/2	99 1/2	5.0	5.0	100 3/4	74 3/4	13 c	Barclays		68 3/4	69 3/4	3.75	
96 1/8	93 3/4	Exchequer 3 1/2%	1962-63	94 1/8	94 1/8	5.0	5.0	94 1/8	58 7/16	13 c	Lloyds		61 1/2	60 1/2	3.60	
101 1/8	98 1/4	Treasury 5 1/2%	1962	99 1/8	99 1/8	5.0	5.0	99 1/8	26 1/4	18 7/16	Martins		20 3/4	20 3/4	3.75	
99 1/2	96 1/8	Exchequer 2 1/2%	1963-64	96 1/2	96 1/2	5.0	5.0	96 1/2	67 3/4	19 c	Midland		77 1/2	79 1/2	3.76	
98 3/4	94 1/2	Conversion 4 1/2%	1963	96 1/2	96 1/2	5.0	5.0	96 1/2	73 1/2	7 b	Nat Provincial		78 3/4	77 1/2	3.61	
101 1/2	96 1/8	Conversion 4 1/2%	1964	95 1/2	95 1/2	4.9	4.9	95 1/2	58 9/16	7 1/16	Westminster 'B'		75 1/2	73 1/2	4.00	
101 1/2	96 1/8	Exchequer 5 1/2%	1966	96 1/2	96 1/2	5.0	5.0	96 1/2	44 1/2	8 b	Australia & N.Z.		37 1/2	37 1/2	6.49	
89 1/8	86	Funding 4%	1960-90	86 1/4	86 1/4	5.0	5.0	86 1/4	52 1/2	43 1/2	Bk. Lond. & S. Amer.		44 1/2	44 1/2	4.55	
79 1/2	74 5/8	Savings Bonds 3%	1960-70	75 1/2	75 1/2	5.0	5.0	75 1/2	22 1/2	21 1/2	Bank of Montreal		22 1/2	22 1/2	2.90	
84 1/8	80 3/4	Savings Bonds 2 1/2%	1964-67	81 1/2	81 1/2	5.0	5.0	81 1/2	30 3/4	25 3/4	Bank of New S. Wales		26 3/4	26 3/4	5.38	
72 1/2	66 1/4	Savings Bonds 3%	1965-75	67 1/2	67 1/2	5.0	5.0	67 1/2	44 1/2	32 1/2	Barclays D.C.O.		37 1/2	36 1/2	5.44	
83 1/2	78 1/8	Funding 3%	1966-68	79 1/8	79 1/8	5.0	5.0	79 1/8	41 1/2	21 1/2	Chartered		51 1/2	50 1/2	5.91	
92 1/2	88 1/2	Victory 4%	1920-76	92 1/2	92 1/2	3.9	3.9	92 1/2	70 1/2	50 1/2	Hongkong & Shanghai		50 1/2	48 1/2	5.05	
85 1/2	80 1/4	Conversion 3 1/2%	1969-81	81 1/4	81 1/4	5.0	5.0	81 1/4	22 1/2	22 1/2	Nat. Com. Bk. Scot.		50 1/2	48 1/2	5.05	
93 1/2	88 1/2	Conversion 5%	1971	88 1/2	88 1/2	4.2	4.2	88 1/2	119 1/2	96 3/4	Royal Bk. of Scotland		101 1/2	101 1/2	3.76	
95 1/2	88 1/2	Conversion 5 1/2%	1974	88 1/2	88 1/2	4.2	4.2	88 1/2	40 3/4	32 1/2	Stand. Bk. S. Africa		34 1/2	33 1/2	9.09	
73 1/2	66	Treasury 3 1/2%	1977-80	67	67 1/2	4.1	4.1	67 1/2	165 1/2	95 1/2	Hambros		135 1/2	135 1/2	3.33	
72 1/2	65	Treasury 3 1/2%	1979-81	66	66 1/2	4.1	4.1	66 1/2	89 1/2	59 1/2	Schroders		73 1/2	73 1/2	2.04	
91 1/2	83 1/2	Funding 5 1/2%	1982-84	88 1/2	89 1/2	4.3	4.3	89 1/2	60 1/2	46 1/2	Union Discount		47 1/2	47 1/2	5.32	
88 1/2	80 1/2	Redemption 3%	1986-96	82 1/2	82 1/2	4.1	4.1	82 1/2	27 1/2	13 1/2	Bowmaker		14 1/2	14 1/2	1.49	
80 1/2	72 1/2	Treasury 5%	1986-89	76 1/2	76 1/2	4.5	4.5	76 1/2	23 1/2	14 1/2	Lombard Banking		15 1/2	14 1/2	1.49	
63 1/2	55 1/2	Funding 3%	1990-2004	56 1/2	56 1/2	4.8	4.8	56 1/2	21 1/2	13 1/2	Mercantile Credit		14 1/2	14 1/2	4.39	
65 1/2	56 1/2	Treasury 5 1/2%	2008-12	58 1/2	59 1/2	4.3	4.3	59 1/2	210 1/2	135 1/2	United Domin. Tst.		146 3/4	142 1/2	3.72	
59 1/2	50 1/2	War Loan 3 1/2%	after 1952	52 1/2	53 1/2	4.1	4.1	53 1/2	13 1/2	11 1/2	Breweries, Etc.		11 1/2	11 3/4	4.89	
59 1/2	50 1/2	Conv. 3 1/2%	after Apr. 1961	52 1/2	52 1/2	4.1	4.1	52 1/2	11 1/2	11 1/2	Bass, M. & B.		11 1/2	11 3/4	4.89	
50 1/2	43 1/2	Treasury 3 1/2%	after Apr. 1966	45 1/2	46 1/2	4.1	4.1	46 1/2	13 1/2	11 1/2	Distillers		11 1/2	11 3/4	4.89	
44 1/2	36 1/2	Consols 2 1/2%	after 1975	38 1/2	39 1/2	3.9	3.9	39 1/2	60 1/2	50 1/2	Flowers		50 1/2	48 1/2	4.27	
43 1/2	36 1/2	Treasury 2 1/2%	after Apr. 1975	38 1/2	39 1/2	3.9	3.9	39 1/2	60 1/2	50 1/2	Guinness		50 1/2	48 1/2	4.27	
91 1/2	85 1/2	British Electric 4 1/2%	1967-69	86 1/2	86 1/2	4.1	4.1	86 1/2	12 1/2	12 1/2	Ind. Coope. T.A.		12 1/2	12 1/2	4.62	
75 1/2	70 1/2	British Electric 3 1/2%	1968-73	71 1/2	71 1/2	5.0	5.0	71 1/2	42 1/2	30 1/2	Teacher (Distillers)		32 1/2	32 1/2	3.85	
64 1/2	58 1/2	British Electric 3 1/2%	1974-77	63 1/2	63 1/2	5.0	5.0	63 1/2	98 1/2	76 1/2	Watney Mann		90 1/2	92 1/2	3.91	
81 1/2	75 1/2	British Electric 4 1/2%	1974-79	75 1/2	75 1/2	4.1	4.1	75 1/2	26 1/2	26 1/2	Whitbread		27 1/2	27 1/2	5.00	
73 1/2	67 1/2	British Electric 3 1/2%	1976-79	68 1/2	68 1/2	4.1	4.1	68 1/2	6 1/2	6 1/2	Building, Paint, Etc.		70 3/4	71 1/2	3.48	
84 1/2	78 1/2	British Gas 4%	1969-72	79 1/2	79 1/2	4.1	4.1	79 1/2	28 1/2	21 1/2	Associated Portland		22 1/2	21 1/2	5.71	
81 1/2	76 1/2	British Gas 3 1/2%	1969-71	76 1/2	77 1/2	5.0	5.0	77 1/2	10 1/2	10 1/2	British Plaster Bd.		10 1/2	10 1/2	4.57	
75 1/2	70 1/2	British Gas 3 1/2%	1970-75	71 1/2	71 1/2	5.0	5.0	71 1/2	13 1/2	9 1/2	Richard Costain		18 1/2	17 1/2	7.50	
80 1/2	74 1/2	British Transport 4%	1972-77	74 1/2	75 1/2	5.0	5.0	75 1/2	105 1/2	85 1/2	Crittall Mfg.		90 1/2	90 1/2	4.06	
61 1/2	53 1/2	British Transport 3 1/2%	1978-88	55 1/2	56 1/2	4.1	4.1	56 1/2	28 1/2	18 1/2	International Paints		11 1/2	11 1/2	7.11	

Prices, 1961		DOMINION AND CORPORATION STOCKS		Price, Aug. 23, 1961	Price, Aug. 30, 1961	Yield, Aug. 30, 1961	Prices, 1961		ORDINARY STOCKS		Price, Aug. 23, 1961	Price, Aug. 30, 1961	Yield, Aug. 30, 1961	Cover	
High	Low					%	High	Low							
101 1/2	95 1/2	Australia 3 1/2%	1965-69	77 1/2	78 1/2	6.17	0.1	29 3/4	22 1/2	14 b	CHEMICAL				
82 1/2	76 1/2	Australia 6%	1974-76	79 1/2	80 1/2	6.17	0.1	29 3/4	22 1/2	14 b	6 a	Albright & Wilson	23 10 1/2	22 4 1/2	4.47
72 1/2	64 1/2	Ceylon 4%	1974-75	65 1/2	66 1/2	8.13	0.1	81 1/2	37 1/2	7 b	8 a	Borax Delf.	16 10 1/2	16 9	3.43
101 1/2	92 1/2	New Zealand 6%	1976-80	92 1/2	93 1/2	6.12	0.1	26 10 1/2	17 9	10 b	4 a	Fisons	38 3	37 1/2	5.95
80 1/2	70 1/2	Rhodesia and Nyasaland 6%	1978-81	70 1/2	70 1/2	9.6	0.1	10 1/2	5 1/2	5 a	7 1/2 b	ICI	68 1/2	68 1/2	4.04
81 1/2	73 1/2	South Africa 3 1/2%	1965-67	75 1/2	75 1/2	9.8	0.1	36 1/2	24 1/2	4 a	5 a	Monsanto	20 3/4	17 9	4.23
59 1/2	53 1/2	Southern Rhodesia 4 1/2%	1967-72	53 1/2	53 1/2	8.18	0.1	91 3/4	58 1/2	20 b	8 1/2 b	Boots Pure Drug	27 1/2	27 9	2.16
94 1/2	85 1/2	Agricultural Mortgage 5 1/2%	1960-85	86 1/2	86 1/2	6.15	0.1	74 3/4	48 1/2	13 1/2 b	5 5/2 a	Montague Burton	76 1/2	79 3/4	3.60
89 1/2	82 1/2	Birmingham 4 1/2%	1967-70	83 1/2	83 1/2	6.16	0.1	59 4 1/2	45 1/2	12 1/2 a	25 b	Debenhams	54 1/2	53 4 1/2	3.47
92 1/2	86 1/2	Bristol 5%	1971-73	87 1/2	87 1/2	6.12	0.1	70 3/4	50 1/2	20 a	25 b	G.U.S. 'A'	48 4 1/2	48 4 1/2	3.88
93 1/2	87 1/2	Corporation of London 5 1/2%	1976-79	87 1/2	87 1/2	6.17	0.1	21 11 1/2	14 1/2	15 a	5 a	House of Fraser	52 1/2	52 3/4	4.31
48 1/2	41 1/2	L.C.C. 3%	after 1920	41 1/2	41 1/2	6.14	0.1	106 9 1/2	85 11 1/2	15 a	32 1/2 a	Lewis's Invest. Tst.	45 9	44 10 1/2	3.32
89 1/2	81 1/2	L.C.C. 5%	1980-83	81 1/2	82 1/2	6.14	0.1	53 10 1/2	34 10 1/2	10 a	20 a	Marks & Spencer 'A'	97 4 1/2	97 4 1/2	3.32
93 1/2	84 1/2	Midland 5 1/2%	1980	84 1/2	84 1/2	6.13	0.1	62 11 1/2	50 1/2	25 b	10 1/2 a	Woolworth	44 6	44 6	3.37

NEW YORK PRICES AND INDICES

Aug. 23		Aug. 30		Aug. 23		Aug. 30		Aug. 23		Aug. 30	
High	Low	High	Low	High	Low	High	Low	High	Low	High	Low
Atch. Topeka	27 1/4	27 1/4	Boeing	53 1/4	52 1/2	Int. Harvester	53 1/2	53 1/2	15/54	9/7 1/2	10/6
Can. Pacific	23 1/4	24 1/4	Celanese	37 1/2	37 1/2	Inter. Nickel	83 1/2	82 1/2	62/33	49/1	4/2
Pennsylvania	13 1/2	15 1/2	Chrysler	52 1/2	52 1/2	Inter. Paper	84 1/2	84 1/2	14/7 1/2	11/3	7 1/2 c
Union Pacific	35 1/2	35 1/2	Col. Palmolive	47 1/2	47 1/2	Kennecott	84 1/2	83 1/2	76/54	54/5	23 1/2 c
Amer. Electric	68 1/2	67 1/2	Crown Zeller	59 1/2	59 1/2	Monsanto	57 1/2	56 1/2	53/2	36/9	12 1/2 c
Am. Tel. & Tel.	122 1/2	121 1/2	Distillers Seag.	42 1/2	42 1/2	Nat. Distillers	28 1/2	27 1/2	38/25	29/9	3/2
Cons. Edison	76 1/2	75 1/2	Douglas	37 1/2	37 1/2	Pan-American	17 1/2	17 1/2	53/2	36/9	12 1/2 c
Int. Tel. & Tel.	59 1/2	58 1/2	Dow Chemical	84 1/2	84 1/2	Procter Gamble	94 1/2	94 1/2	76/54	54/5	23 1/2 c
South'n. Nat. Gas	44 1/2	44 1/2	Du Pont	23 1/4	22 3/4	Radio Corp.	58 1/2	57 1/2	53/2	36/9	12 1/2 c
United Corp.	8 1/2	8 1/2	East. Kodak	104 1/2	104 1/2	Sears Roebuck	69 1/2	69 1/2	53/2	36/9	12 1/2 c
Western Union	45 1/2	47 1/2	Ford Motor	92 1/2	93 1/2	Shell Oil	42 1/2	41 1/2	38/25	29/9	3/2
Alcoa	75 1/2	76 1/2	Gen. Electric	68 1/2	70 1/2	Socony-Mobil	46 1/2	44 1/2	53/2	36/9	12 1/2 c
Aluminum	31 1/2	30 1/2	General Foods	93 1/2	93 1/2	Stand. Oil Ind.	52 1/2	52 1/2	14/7 1/2	11/3	7 1/2 c
Amer. Can.	45 1/2	44 1/2	General Motors	46 1/2	45 1/2	Stand. Oil N.J.	44 1/2	44 1/2	76/54	54/5	23 1/2 c
Am. Smelting	68 1/2	68 1/2	Goodrich	38 1/2	38 1/2	Union Carbide	138	137 1/2	53/2	36/9	12 1/2 c
Am. Viscose	56 1/2	57	Gulf Oil	38 1/2	38 1/2	U.S. Steel	84 1/2	85 1/2	38/25	29/9	3/2
Anacosta	55	53 1/2	Heinz	65	64 1/2	West. Electric	43 1/2	43 1/2	76/54	54/5	23 1/2 c
Beth. Steel	41 1/2	42 1/2	Int. Bus. Mach.	514	523	Woolworth	73 1/2	74 1/2	110/60	83/5	5/2

Money and Exchanges

EXCHEQUER RETURNS

For the week ended August 26, 1961, there was an "above-line" deficit (after allowing for sinking funds) of £37,892,000 compared with a deficit of £64,956,000 in the previous week and a deficit of £9,478,000 in the corresponding period of last year. There was a net surplus "below-line" of £54,029,000 leaving a total cumulative deficit to date of £362,530,000 compared with £436,081,000 in 1960-61.

£'000	Estimate 1961-62	April 1, 1960, to Aug. 27, 1960	April 1, 1961, to Aug. 26, 1961	Week ended Aug. 27, 1960	Week ended Aug. 26, 1961
Ordinary Revenue					
Income Tax.....	2,728,500	550,231	634,305	27,239	27,801
Surtax.....	210,000	31,500	37,800	600	800
Death Duties.....	240,000	91,100	110,800	2,700	4,400
Stamps.....	94,000	36,100	44,500	2,500	3,100
Profits tax, EPT and EPL.....	325,500	110,400	136,500	7,900	6,900
Other Inland Rev. Duties.....	...	50	...	...	...
Total Inland Rev.	3,598,000	819,381	963,905	40,939	43,001
Customs.....	1,550,000	593,900	643,755	28,493	27,435
Excise.....	960,000	413,690	413,760	19,425	12,325
Total Customs and Excise.....	2,510,000	1,007,590	1,057,515	47,918	39,760
Motor Duties.....	155,000	25,235	27,218	...	...
PO (Net Receipts)	...	...	...	...	...
Broadcast Lic's.....	40,000	8,500	11,200	...	...
Sundry Loans.....	205,000	13,178	116,917	476	2,476
Miscellaneous.....	...	46,099	...	3,528	...
Total	6,508,000	1,919,983	2,176,755	92,861	85,241
Ordinary Expenditure					
Debt Interest.....	660,000	290,624	322,966	...	...
Payments to N. Ireland Exch.....	92,000	33,621	34,655	3,553	3,700
PO Fund—Initial settlement.....	15,000	...	...	...	...
Other Consolidated Funds.....	8,000	3,822	3,955	8	...
Supply Services.....	5,186,902	1,863,968	1,987,920	98,378	119,171
Total	5,961,902	2,192,035	2,349,496	101,939	122,871
Sinking Funds.....	40,000	11,874	11,634	400	2,000
" Above-line " Surplus					
Deficit		283,926	184,375	9,478	37,8
" Below-line " Net Expen-					
diture		152,155	178,155	40,214	54,0
Total Surplus or Deficit		436,081	362,530	30,736	16,1
Net receipts from:					
Tax Reserve Certificates		93,894	59,215	547	8
Savings Certificates.....		32,300	-8,700	1,500	1
Defence Bonds.....		46,477	21,949	1,881	-6
Premium Savings Bonds.....		22,390	17,050	2,500	7
Total.....		195,061	89,514	6,428	1,0

FLOATING DEBT

(£ million)

	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Dept.	Bank of England	
1960					
Aug. 27	3,490·0	1,955·0	188·1	0·8	5,634·0
1961					
May 20	3,180·0	1,839·1	316·3	...	5,335·5
" 27	3,210·0	1,843·3	249·7	...	5,303·0
June 3	3,240·0	1,825·3	258·5	...	5,323·3
" 10	3,270·0	1,824·6	242·2	...	5,339·9
" 17	3,280·0	1,823·6	263·9	...	5,367·7
" 24	3,290·0	1,909·6	201·6	...	5,365·5
" 30	3,290·0		283·3	...	5,483·3
July 8	3,280·0	1,853·1	265·2	...	5,399·9
" 15	3,270·0	1,866·0	269·0	...	5,405·0
" 22	3,260·0	1,894·4	214·3	...	5,368
" 29	3,250·0	1,920·3	220·4	3·3	5,393·3
Aug. 5	3,280·0	1,882·6	207·3	...	5,369·9
" 12	3,290·0	1,712·9	206·6	...	5,209·9
" 19	3,290·0	1,732·5	316·8	1·5	5,340·0
" 26	3,280·0	1,840·9	201·9	2·3	5,324·2

THE MONEY MARKET

THE syndicate of discount houses submitted an unchanged bid of £98 6s. 6d. at last Friday's Treasury bill tender. The level of outside bids fell fractionally and the average rate of discount rose by 1.71d. to £6 14s. 0.12d. per cent. Total applications rose by £30 million to £410 million, and only £250 million of the £260 million bills on offer were allotted; as a result the market received only 39 per cent of its application against 61 per cent at the previous week's tender.

Credit was very easy on the three days to the week-end and the authorities sold bills to mop up surplus funds. On Tuesday, however, under pressure from the weekly tax transfer, credit was extremely tight and the authorities helped the market by purchasing a very large number of bills. On Wednesday credit was still short and the authorities forced one or two houses to borrow a small amount from the Bank of England. This is the third week running that the market has been in the Bank for small amounts—a sign that the authorities are satisfied with bill rate at its present level.

In New York the three month bill rate fell sharply this week from 2.503 per cent to 2.310 per cent.

MONEY RATES

LONDON

Bank rate (from	%	Discount rates:	%
5%, 26/7(6)).....	7	Bank bills:	
		60 days	67-6 ⁶⁵ 16
Deposit rates		3 months	67-6 ⁶⁵ 16
(7 days notice):		4 months	67-6 ⁶⁵ 16
Banks	5	6 months	67-6 ⁷
Discount houses ...	5-5 ¹⁴	Fine trade bills:	
Local Authorities ...	7 ³ / ₈	3 months	71-2-8 ¹ / ₂
Money:		4 months	71-2-8 ¹ / ₂
Day-to-Day	5 ³ / ₈ -6 ¹ / ₂	6 months	8-9

NEW YORK

Official Discount	%	Treasury bills:	%
rate:		Aug. 21.....	2.503
(from 3½%, 11/8/60)	3	" 28.....	2.310

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

Effective Limits		Market Rates : Spot						
	August 30	August 24	August 25	August 26	August 28	August 29	August 30	
United States \$	2-78-2.82*	2-80 ¹ / ₄ -3 ³ / ₈	2-80 ³ / ₁₆ -5 ¹ / ₈	2-80 ¹ / ₄ -3 ³ / ₈	2-80 ³ / ₁₆ -1 ¹ / ₂	2-80 ⁷ / ₁₆ -5 ¹ / ₈	2-80 ¹ / ₂ -5 ¹ / ₈	
Canadian \$...		2-88 ⁷ / ₈ -89	2-89-89	2-89-89	2-89 ¹ / ₁₆ -1 ¹ / ₂	2-89 ¹ / ₁₆ -5 ¹ / ₈	2-89 ¹ / ₁₆ -5 ¹ / ₈	
French Fr....	13-622-14-027	13-78 ¹ / ₈ -9	13-76 ⁷ / ₈ -77 ¹ / ₈	13-77-77 ¹ / ₈	13-78 ¹ / ₈ -79 ¹ / ₈	13-79 ¹ / ₈ -2 ¹ / ₄	13-79 ¹ / ₈ -2 ¹ / ₄	
Swiss Fr....	11-94-12-54 ⁷ / ₈	12-09 ¹ / ₈ -10	12-09 ¹ / ₈ -9	12-09 ¹ / ₈ -9	12-09 ¹ / ₈ -10	12-10 ¹ / ₈ -9	12-10 ¹ / ₈ -9	
Belgian Fr....	137-96	139-55	139-62 ¹ / ₂	139-65	139-70	139-65	139-57 ¹ / ₂	
Dutch Gld....	9-98 ³ / ₈ -10-28 ¹ / ₂	10-09 ⁷ / ₈ -10 ¹ / ₈	10-09 ⁷ / ₈ -7 ¹ / ₈	10-09 ⁷ / ₈ -7 ¹ / ₈	10-10 ⁷ / ₈ -11 ¹ / ₈	10-11 ¹ / ₈ -12	10-11 ¹ / ₈ -12	
W. Ger. D-Mk.	11-037-11-365	11-19 ¹ / ₄ -3	11-19 ¹ / ₄ -3	11-19 ¹ / ₄ -3	11-20 ⁷ / ₈ -21 ¹ / ₈	11-20 ⁷ / ₈ -21 ¹ / ₈	11-21 ¹ / ₈ -22	
Portug. Esc....		80-20-30	80-20-30	80-20-30	80-20-30	80-20-30	80-20-30	
Italian Lire....	1725-1775	1739 ¹ / ₄ -3	1738 ³ / ₄ -39 ¹ / ₄	1739-39 ¹ / ₄	1740-40 ¹ / ₄	1740 ¹ / ₄ -41	1740 ¹ / ₄ -41	
Swedish Kr....	14-27 ¹ / ₂ -14-70	14-48 ¹ / ₈ -9	14-48 ¹ / ₈ -9	14-48 ¹ / ₈ -9	14-50-50 ¹ / ₄	14-50 ¹ / ₄ -51	14-51 ¹ / ₄ -52	
Danish Kr....	19-06 ¹ / ₂ -19-62	19-34 ¹ / ₄ -35	19-34 ¹ / ₄ -35	19-34 ¹ / ₄ -35	19-35 ¹ / ₄ -36	19-34 ¹ / ₄ -35	19-34 ¹ / ₄ -35	
Norwegian Kr.	19-71-20-30 ¹ / ₂	20-00 ³ / ₈ -9	20-00 ³ / ₈ -9	20-00 ³ / ₈ -9	20-00 ³ / ₈ -9	20-01-01 ¹ / ₄	20-01-01 ¹ / ₄	
	* Official Limits							
One Month Forward Rates								
United States \$	1-7 ¹ / ₈ c. pm	1-7 ¹ / ₈ c. pm	1 ¹ / ₁₆ -1 ¹ / ₈ c. pm	1 ¹ / ₁₆ -1 ¹ / ₈ c. pm	1 ¹ / ₁₆ -1 ¹ / ₈ c. pm	1 ¹ / ₁₆ -1 ¹ / ₈ c. pm	1 ¹ / ₁₆ -1 ¹ / ₈ c. pm	
Canadian \$...	1-7 ¹ / ₈ c. pm	1-7 ¹ / ₈ c. pm	4 ¹ / ₂ -3 ¹ / ₈ c. pm	4 ¹ / ₂ -3 ¹ / ₈ c. pm	4 ¹ / ₂ -3 ¹ / ₈ c. pm	4 ¹ / ₂ -3 ¹ / ₈ c. pm	4 ¹ / ₂ -3 ¹ / ₈ c. pm	
French Fr....	4 ¹ / ₂ -3 ¹ / ₂ c. pm	5 ¹ / ₄ -4 ¹ / ₂ c. pm	5 ¹ / ₄ -4 ¹ / ₂ c. pm	5 ¹ / ₄ -4 ¹ / ₂ c. pm	5 ¹ / ₄ -4 ¹ / ₂ c. pm	5 ¹ / ₄ -4 ¹ / ₂ c. pm	5 ¹ / ₄ -4 ¹ / ₂ c. pm	
Swiss Fr....	5 ¹ / ₄ -4 ¹ / ₂ c. pm	35-25c. pm	32-22c. pm	32-22c. pm	35-25c. pm	35-25c. pm	35-25c. pm	
Belgian Fr....	5 ¹ / ₄ -4 ¹ / ₂ c. pm	5 ¹ / ₄ -4 ¹ / ₂ c. pm	5 ¹ / ₄ -4 ¹ / ₂ c. pm	5 ¹ / ₄ -4 ¹ / ₂ c. pm	5 ¹ / ₄ -4 ¹ / ₂ c. pm	4 ⁷ / ₈ -4 ³ / ₈ c. pm	40-30c. pm	
Dutch Gld....	33-23c. pm	4 ¹ / ₂ -4 ¹ / ₂ c. pm	4 ¹ / ₂ -4 ¹ / ₂ c. pm	4 ¹ / ₂ -4 ¹ / ₂ c. pm	4 ¹ / ₂ -4 ¹ / ₂ c. pm	4 ¹ / ₂ -4 ¹ / ₂ c. pm	5 ¹ / ₄ -5c. pm	
W. German D-Mk.	4 ¹ / ₂ -4 ¹ / ₂ c. pm					4-3 ¹ / ₂ c. pm	4 ¹ / ₂ -4 ¹ / ₂ c. pm	
Three Months Forward Rates								
United States \$	2 ³ / ₄ -2 ⁵ / ₈ c. pm	2 ³ / ₄ -2 ⁵ / ₈ c. pm	2 ³ / ₄ -2 ⁵ / ₈ c. pm	2 ³ / ₄ -2 ⁵ / ₈ c. pm	2 ³ / ₄ -2 ⁵ / ₈ c. pm	2 ³ / ₄ -2 ⁵ / ₈ c. pm	2 ³ / ₄ -2 ⁵ / ₈ c. pm	
Canadian \$...	2 ³ / ₄ -2 ⁵ / ₈ c. pm	2 ¹ / ₁₆ -1 ¹ / ₁₆ c. pm	2 ¹ / ₁₆ -1 ¹ / ₁₆ c. pm	2 ¹ / ₁₆ -1 ¹ / ₁₆ c. pm	2 ¹ / ₁₆ -1 ¹ / ₁₆ c. pm	2 ¹ / ₁₆ -1 ¹ / ₁₆ c. pm	2 ¹ / ₁₆ -1 ¹ / ₁₆ c. pm	
French Fr....	15 ¹ / ₄ -14 ¹ / ₄ c. pf.	15 ¹ / ₄ -14 ¹ / ₄ c. pf.	15 ¹ / ₄ -14 ¹ / ₄ c. pf.	15 ¹ / ₄ -14 ¹ / ₄ c. pf.	15 ¹ / ₄ -14 ¹ / ₄ c. pf.	15 ¹ / ₄ -14 ¹ / ₄ c. pf.	15 ¹ / ₄ -14 ¹ / ₄ c. pf.	
Swiss Fr....	14 ¹ / ₄ -13 ¹ / ₄ pf.	14 ¹ / ₄ -13 ¹ / ₄ pf.	14 ¹ / ₄ -13 ¹ / ₄ pf.	14 ¹ / ₄ -13 ¹ / ₄ pf.	14 ¹ / ₄ -13 ¹ / ₄ pf.	14 ¹ / ₄ -13 ¹ / ₄ pf.	14 ¹ / ₄ -13 ¹ / ₄ pf.	
W. German D-Mk.								
Gold Price at Fixing								
Price (s. d. per fine oz.)	150/11	150/11	251/0 ¹ / ₂	...	250/11 ¹ / ₄	250/11	250/10 ¹ / ₂	
" (\$	35-17	35-17 ¹ / ₂			35-18 ¹ / ₂	35-18 ¹ / ₂	35-18 ¹ / ₂	

BANK OF ENGLAND RETURNS

(£ million)	Aug. 31, 1960	Aug. 23, 1961	Aug. 30, 1961
Issue Department :			
Notes in circulation	2,234.4	2,341.8	2,328.0
Notes in banking dept.	16.0	58.6	22.4
Govt. debt and securities*	2,245.5	2,398.7	2,348.8
Other securities	0.7	0.7	0.7
Gold coin and bullion	0.4	0.8	0.4
Coin other than gold coin	1.8	0.5	0.5
Banking Department :			
Deposits :			
Public accounts	10.8	14.3	10.8
Special deposits	150.5	206.1	215.4
Bankers	251.2	249.4	232.3
Others	67.6	67.9	73.2
Total	480.0	537.7	531.6
Securities :			
Government	431.6	387.0	424.5
Discounts and advances	30.9	91.7	82.3
Other	19.3	18.1	20.2
Total	481.8	496.8	527.0
Banking department reserve	16.8	59.3	23.1
" Proportion "	% 3.4	% 11.0	% 4.3

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced by £50 million to £2,350 million on August 30th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million)		Three Months' Bills		
	Offered	Applied for	Average Rate of Allotment		Allotted at Max. Rate*
1960 Aug. 26	91 day 290.0	454.6	s. d.	%	
			111	9.05	48
1961 May 26	270.0	440.2	88	8.74	50
June 2	270.0	419.9	88	9.61	
" 9	270.0 $\frac{1}{2}$	463.3	89	4.14	39
" 16	260.0	391.2	90	0.42	55
" 23	260.0 $\frac{1}{2}$	389.1	90	8.47	50
" 30	250.0	400.8	90	8.94	46
July 7	240.0	405.2	90	8.80	
" 14	240.0	378.2	91	4.47	42
" 21	240.0	333.3	92	5.62	66
" 28	250.0	426.6	133	9.22	28
Aug. 4	250.0	386.0	134	3.33	
" 11	250.0	394.7	134	8.51	44
" 18	250.0	379.6	134	1.83	41
" 25	260.0 $\frac{1}{2}$	409.9	134	0.12	39

* On August 25th tenders for 91 day bills at £98 6s. 6d. secured 39 per cent, higher tenders being allotted in full. The offer for this week was for £250 million 91 day bills. † Allotment cut by £10 million.

THE ECONOMIST SEPTEMBER 2, 1961

UK External Trade

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

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

BRITISH

Prices and Wages.....	July 29th	External Trade	This week
Manpower and Output....	Aug. 19th	Industrial Profits	July 15th

OVERSEAS

Western Europe..... Aug. 12th United States..... Aug. 26th

	Unit	Monthly averages			1960			1961				
		1958	1959	1960	May	June	July	Mar.	Apr.	May	June	July
VALUE												
Imports :	£ million	312.3	331.9	379.9	389.8	384.2	381.5	398.9	355.2	394.4	371.3	350.2
Total	"	124.2	126.5	128.8	125.0	121.1	124.4	131.7	120.9	132.0	122.9	114.5
Food, drink and tobacco	"	74.1	77.6	88.6	88.6	90.2	93.2	88.1	82.1	91.6	84.6	76.8
Basic materials	"	36.6	38.9	40.2	38.8	43.3	36.2	47.1	40.3	43.2	37.8	41.2
Fuels	"	76.1	87.6	120.7	136.2	127.8	126.3	130.5	110.8	126.3	124.1	116.2
Manufactures	"											
Exports of UK produce :		264.7	277.5	296.3	318.7	276.2	276.4	309.9	318.6	298.9	316.3	308.7
Total	"	222.5	234.5	250.1	272.4	236.6	235.0	265.7	275.0	257.1	270.2	263.8
Manufactures—Total	"	36.0	37.8	39.3	42.9	37.2	37.3	39.4	41.6	41.9	39.9	40.8
Metals	"	115.6	122.4	131.0	145.3	126.4	122.5	142.9	151.0	137.9	150.3	140.0
Engineering products	"	21.2	20.7	21.8	22.5	19.2	20.1	22.2	21.7	20.0	19.6	21.4
Textiles	"											
Re-exports	"	11.8	10.9	11.8	11.8	10.3	10.9	15.3	12.7	13.6	13.8	14.4
Balance of trade (exports less imports)	"	-35.8	-43.5	-71.8	-59.3	-97.7	-94.2	-73.7	-23.9	-81.9	-41.2	-27.1
VOLUME(1)												
Imports :	1954=100	114	122	138	140 ⁴	...	139	143 ³	...	138 ⁴	...	130
Total	"	119	118	121	120 ⁴	...	...	124 ³	...	121 ⁴	...	...
Food, drink and tobacco	"	94	101	110	108 ⁴	...	...	111 ³	...	106 ⁴	...	...
Basic materials	"	124	143	157	154 ⁴	...	...	179 ³	...	162 ⁴	...	...
Fuels	"	132	150	201	215 ⁴	...	...	210 ³	...	202 ⁴	...	...
Manufactures	"											
Exports :		111	116	122	124 ⁴	...	113	128 ³	...	127 ⁴	...	126
Total	"	113	117	124	128 ⁴	...	...	131 ³	...	131 ⁴	...	...
Manufactures	"											
BY AREA												
Imports from :	£ million	29.2	30.9	47.3	48.2	48.5	48.6	43.0	39.0	39.4	32.7	28.3
U.S.A.	"	25.7	26.0	31.3	34.1	35.1	34.2	28.7	23.5	33.1	30.3	29.4
Canada	"	24.6	26.8	26.0	29.5	28.0	28.7	30.2	25.5	27.5	26.2	24.2
Latin America	"	44.4	46.6	55.2	58.2	60.0	53.9	60.5	53.9	59.1	60.1	57.2
West'n. Europe—Common Market	"	30.4	32.6	38.7	41.6	40.9	39.4	40.2	35.1	40.9	42.8	38.9
Free Trade Association	"	8.5	9.7	11.6	8.3	11.3	11.4	11.9	10.2	10.9	11.7	13.5
Soviet Eastern Europe	"	36.7	39.1	43.5	43.4	40.3	38.7	49.5	41.8	47.0	40.2	37.6
Other Non-Sterling	"											
Sterling area	"	112.8	120.2	126.3	126.5	120.2	126.6	135.0	126.3	136.7	127.3	121.1
Exports of UK produce to:		22.9	30.3	27.4	36.4	21.9	21.6	20.7	20.0	21.7	23.0	23.3
U.S.A.	"	15.7	17.3	17.9	24.0	15.0	16.7	15.7	31.3	22.3	18.4	18.1
Canada	"	12.6	12.9	14.3	12.9	13.4	11.4	13.2	13.2	12.2	14.3	14.7
Latin America	"	34.9	38.8	43.3	47.5	39.8	44.0	54.4	49.2	52.8	52.3	53.2
West'n. Europe—Common Market	"	26.6	28.8	31.9	33.5	28.7	33.7	33.3	34.9	44.2	36.1	36.2
Free Trade Association	"	3.8	5.1	6.4	6.9	7.4	6.7	8.3	7.8	9.4	9.7	8.7
Soviet Eastern Europe	"	32.4	32.8	36.4	42.7	35.4	35.5	42.9	37.7	36.5	40.3	40.8
Other Non-Sterling	"											
Sterling area	"	116.1	111.8	119.0	115.1	114.9	111.9	121.2	126.4	109.4	114.1	113.8
TRADE IN SELECTED COMMODITIES												
Imports :	'000 tons	376.4	356.3	342.3	394.8	309.8	419.5	379.3	343.9	421.3	309.8	323.0
Wheat	"	69.4	67.6	70.3	63.1	73.8	76.7	76.9	67.0	68.4	74.9	68.0
Meat	"	219.3	201.8	184.1	236.7	182.2	260.0	148.5	203.9	176.7	168.8	140.2
Sugar, unrefined	"											
Raw cotton (1)	"	21.5	22.5	22.6	20.4	18.7	26.3	24.9	24.6	16.8	16.3	9.8
Raw wool, sheep's and lambs' (2)	mn. lb.	51.1	58.6	49.9	60.9	44.0	57.1	66.7	73.4	63.3	48.7	42.4
Rubber, natural and synthetic (3)	'000 tons	17.0	17.0	16.4	14.2	20.4	18.6	24.6	16.7	12.3	14.0	11.5
Softwood	'000 stds.	106.4	121.7	150.1	139.2	201.5	213.9	80.1	77.2	109.3	173.8	179.0
Woodpulp	'000 tons	175.4	185.4	226.0	247.4	242.3	182.2	224.6	208.6	259.1	226.5	161.4
Crude petroleum	mn. galls.	728	847	969	918	1,055	905	1,257	1,006	1,171	1,010	1,080
Exports of UK produce :		403	343	455	517	341	426	442	372	579	505	493
Coal, including bunkers	'000 tons	32	29	27	29	25	22	29	26	24	22	23
Woven piece-goods—cotton	mn. sq. yds.	7,893	8,536	8,085	7,578	6,374	7,817	7,865	7,816	6,882	7,043	8,387
Wool	'000 sq. yds.											
Passenger cars and chassis	number	40,323	47,414	47,493	70,273	46,241	44,817	26,359	31,784	29,827	31,937	31,497
Commercial vehicles and chassis	"	9,303	10,619	12,127	13,360	11,910	12,092	16,447	13,596	12,773	16,437	14,877
Agricultural tractors	"	8,709	9,474	11,964	11,730	12,635	11,081	13,513	11,241	10,705	12,218	13,318
Machinery—electrical	£'000	5,818	5,706	5,265	5,690	4,970	4,914	5,678	5,698	5,707	5,924	5,729
other	"	42,773	47,264	52,926	56,774	48,098	50,608	64,355	62,442	60,966	62,665	62,323
Chemicals, elements and compounds	"	5,027	5,862	6,438	7,502	6,448	5,996	6,678	6,769	6,253	5,970	5,972

(1) Trade with the Channel Islands is included in all 1958 indices and in the total import and export indices only from 1959 onwards. (2) Retained imports.

APPOINTMENTS



EXECUTIVE SELECTION DIVISION
is advising on the following appointment

ACCOUNTANTS (Consultants)

for Associated Industrial Consultants Limited who require accountants between the ages of 28 and 38 for work in the United Kingdom. Full professional qualifications are essential. In addition, experience of at least five years in a managerial capacity is required. Selected candidates will be trained in the Company's College of Management. In addition to superannuation contributions and expense reimbursements by the Company, appointments carry an initial salary of £1,750-£2,100 with opportunity for regular increases up to £3,000. Opportunities exist for promotion to senior positions with considerable advancement in salary.
(The Personnel Secretary: Reference 422 2).

Brief written applications should be sent, in complete confidence to the Consultant concerned at:

ASSOCIATED INDUSTRIAL CONSULTANTS LIMITED
KNIGHTSBRIDGE HOUSE 197 KNIGHTSBRIDGE LONDON SW7

Associated Industrial Consultants



ORGANISATION AND METHODS

British Nylon Spinners Limited have two important vacancies in their O. & M. Organisation:

- A DATA PROCESSING SPECIALIST** is required as a Senior Planner in the Punched Card Section. Applicants must have previous experience of this type of work, with equipment at least as advanced as electronic calculators, preferably of I.B.M. manufacture. The Company has on order an I.B.M. 1401 computer for delivery mid 1962.
- A SENIOR INVESTIGATOR** is required in the O. & M. Section. Candidates, aged 26-40, must have at least two years' experience of investigational work, preferably in industry, and previous punched card experience would be an advantage.

These posts offer attractive starting salaries and excellent prospects in an expanding organisation, and married men will be given substantial assistance in rehousing their families.

Please reply to:

THE RECRUITMENT OFFICER,

British Nylon Spinners Limited

PONTYPOOL, MON.,

quoting reference 0/12.

ROYAL INSTITUTE OF PUBLIC ADMINISTRATION

RESEARCH OFFICER required for two years to work with study group on an investigation into superannuation schemes in the public services and a comparison with those in industry. Ability to marshal and classify detailed material essential; research experience desirable; knowledge of economics and public finance an advantage. Salary according to age and experience. "Approved employment" terms might be possible for civil servants.

GRADUATE ADMINISTRATIVE

ASSISTANT, age about 25, required to assist with the organisation of lectures, conferences and training courses and the development of membership. Degree in Government or Political Science preferred. Salary scale £700-£900.

Applications by September 15 to the Director, 76a New Cavendish Street, London, W.1.

NORTH WESTERN GAS BOARD
HEAD OFFICE, MANCHESTER

Assistant Statistician

Applications are invited for the above pensionable appointment at a commencing salary within Grade A.P.T. 7 (£770/£870 per annum).

Candidates must hold a graduate or equivalent qualification in mathematical statistics, preferably combined with economics.

The successful candidate will be engaged under the direction of the Board's Statistician in specialised investigations in the field of market survey, operational research, sales forecasting, etc., which call for the use of mathematical and statistical techniques. The work is interesting and offers scope for imagination in the application of business problems.

Detailed applications, giving the names of two referees, should reach the Assistant Secretary of the Board, Bridgewater House, 60 Whitworth Street, Manchester, 1, within 14 days.

Central Electricity
Generating Board
ASSISTANT
MATHEMATICAL
STATISTICIAN

required in the Economic
Efficiency Sub-Branch of
the Operations Department
at Headquarters, London,
E.C.1.

The Sub-Branch, consisting of a team of engineers and statisticians, is concerned with the development and improvement of methods of monitoring the economic operation of the system and other aspects of performance which contribute to it.

The successful applicant will be required to initiate and develop techniques necessary for the solution of problems of an engineering and economic character.

A degree in Statistics or Mathematics with Statistics, together with appropriate experience, is required.

- Salary within the scale £1,520 — £1,890 per annum.

Applications, stating age, qualifications, experience, present position and salary to the Appointments Officer, 24/30 Holborn, London, E.C.1, by September 18th. Quote Ref. EC/392.

TEMPORARY Officer Grade III (British Subject) required by MINISTRY OF DEFENCE for Research and investigation into Published Material relating to the organisation of Science and Scientific Resources in all countries. Interest in Science but need not be a Scientist. Capable of collating the results of their work, drawing the right conclusions, writing accurate and succinct reports. Ability to read and translate a Foreign Language, particularly Russian, is desirable, and must have a good and broad education. Salary range £458 (age 19) — £1,154, plus London Weighting. Write giving age, qualifications and experience to Manager (P.E.1077), Ministry of Labour, Professional and Executive Register, Atlantic House, Farringdon Street, London, E.C.4. Closing date, September 23, 1961.

ASSISTANT SOLICITOR

required

in Legal Department of public Corporation set up by the Development of Inventions Act, 1948, to develop and exploit inventions in the public interest. Duties concerned with the assignment of rights in inventions; revenue-sharing agreements with inventors; patent licences; and contracts with industry, and the legal work of subsidiary companies formed for the development of inventions. Preferred age 35/40. Experience in industry and/or in commercial practice essential, and of patents exploitation an advantage. Starting salary up to £2,000 according to age and experience. Please send full particulars in confidence to Director of Administration, National Research Development Corporation, 1 Tilney Street, London, W.1.

FIRE RESEARCH STATION (D.S.I.R.), Boreham Wood, Elstree, Herts., requires Scientific Officer or Senior Scientific Officer to work in the Operational Research and Intelligence Section in connection with studies of fire statistics, the economic value of fire protection systems, and the effect of weather on the occurrence of fires in buildings. Wide interest in application of scientific techniques and an ability to use statistical methods are essential. An interest in statistical methods and operational research techniques expected. Ability to advise on the statistical aspects of the design of experiments advantageous. Qualifications: 1st or 2nd Class Hons. degree in Maths. Statistics or a science subject. For S.S.O. at least 3 years post grad. experience. Interim salary ranges: S.O. £773-£1,267; S.S.O. £1,392-£1,714. Forms from Director, above address. Closing date September 25, 1961.

THE ECONOMIST SEPTEMBER 2, 1961

Research/Senior Research
Officer (Sociology)

Required by the West African Building Research Institute for service at Accra, Ghana, to conduct research on the social aspects of the Institute's research on housing with particular reference to the requirements of African occupants. Appointment will be on probation for admission to the permanent and pensionable staff.

Salary according to qualifications and experience in scale £2000 a year rising to £1,700 a year. Free passages provided for officer, wife and up to three children on first appointment and free leave passages to country of domicile once in every three years. Quarters provided at moderate rental.

Candidates must be West African, possess a good honours degree in Sociology and if possible have had two years' post-graduate experience. Women candidates must be single. Apply to CROWN AGENTS, 4 Millbank, London, S.W.1, for application form and details of qualifications and experience and quoting reference M3B5578EN.

RICHARD THOMAS & BALDWIN
LIMITED

ORGANISATION AND
METHODS

We wish to recruit two O & M Officers to be based at Spencer Works, Newport, Monmouthshire. Our large new steel works and rolling mills now under construction. They will assist various levels of management in the design of an information system for the whole works using the latest digital computer techniques.

The positions will appeal to men who want to contribute to the original work necessary for the design of systems throughout a large new undertaking and who would welcome the challenge that this produces.

Candidates should be under 35 and possess a university degree or a recognised accountancy or secretarial qualification. Previous O & M or similar systems analysis experience is desirable but candidates whose lack of previous experience is compensated by other abilities or personal qualities will be considered.

Apply by sending full details of education, age, experience, qualifications, etc., to

Assistant Manager,
Organisation & Methods Department,
RICHARD THOMAS & BALDWIN
LIMITED
Spencer Works, Newport, Mon.



The Guest, Keen & Nettlefolds Group of Companies wishes to make the following appointment:—

ASSISTANT TO THE
COMPANY
SECRETARY

A large Group Company in South Wales requires an Assistant to the Secretary, who is also a Director of the Company. His responsibilities will include work on the legal and administrative side of the Secretarial Department.

Candidates should have had legal or accountancy training and preferably some commercial experience since qualifying. The preferred age bracket is 28-35 years.

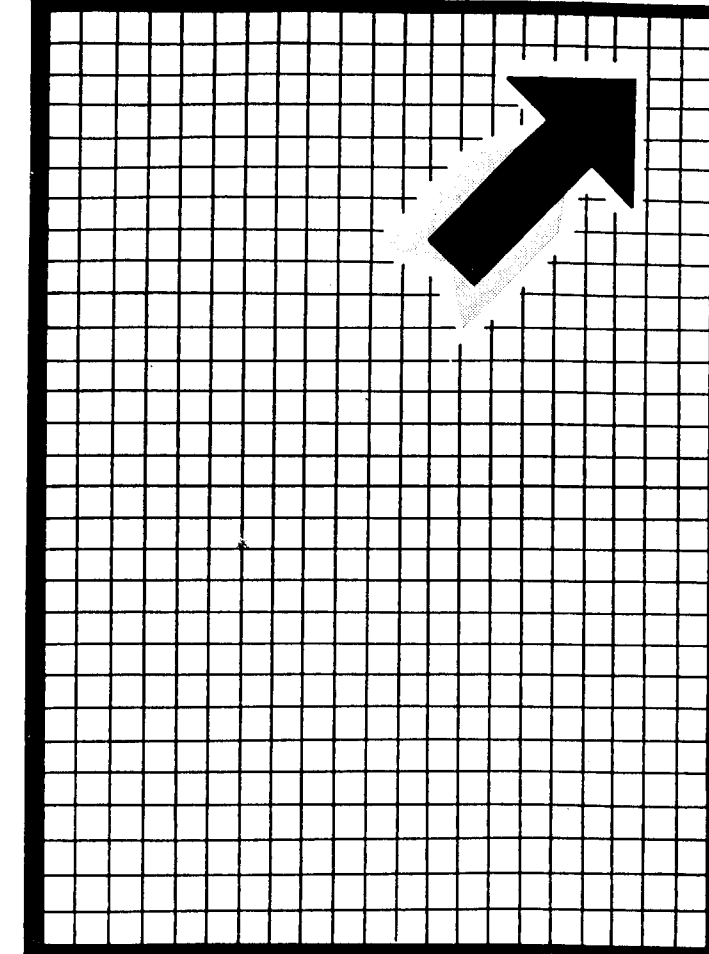
Appropriately qualified men should write, in confidence, giving details of age, qualifications and career to date to:

The Group Personnel Officer,
Guest, Keen & Nettlefolds, Limited,
22, Kingsway, London, W.C.2.

For further appointments and other classified advertisements see page 907

NATIONAL EMPLOYERS' ASSOCIATION in Westminster requires an aged 25-34 as Economics Secretary. Not less than £1,000 p.a. Applicants must be graduates, preferably with a degree in economics. Apply to Box 1539.

THE ECONOMIST SEPTEMBER 2, 1961

Investment Opportunities
in Japan!

In 1959 Japan attained the highest economic expansion of all the industrial countries of the world. Its gross national products that year increased by 16 per cent over the previous year and has seen a yearly increase ever since. This upward trend has increasingly induced overseas investments in Japanese securities.

Daiwa Securities, as one of the four largest securities companies in Japan... capitalized at £8 million sterling and having 4,000 employees... is engaged in a wide range of business, acting as broker, dealer and underwriter of securities and distributor of investment trusts. The "pioneering spirit" which has been the motivating power behind its 60 years of expansion is still very predominant today.

Make your money work for you in Japan's booming industries by investing through expert and experienced hands. For investment trusts, etc., write

THE DAIWA SECURITIES COMPANY, LTD.

HEAD OFFICE: 8, 2-chome, Otemachi, Chiyoda-ku, Tokyo, Japan
Tel: 231-6611

NEW YORK OFFICE: 149 Broadway, New York 6, N.Y., U.S.A.

Tel: BEEKMAN 3-3522/3

UNIVERSITY OF MALAYA
IN KUALA LUMPURLEE ECONOMICS RESEARCH
FELLOWSHIP

Applications are invited for the above-mentioned Research Fellowship in Rice Economics and Statistics. The Research Fellow is expected to carry out a comprehensive investigation of the Economics and Statistics of rice consumption and production in the Federation of Malaya. Intending applicants should have a good Honours degree in Economics or equivalent qualifications. Experience in handling cereal statistics particularly rice, would be an advantage. Subject to University entry requirements being met, part of the research material may be used to obtain a higher degree in the University of Malaya.

The Fellowship is tenable for a period of fifteen to twenty months and would cover the following: (i) An all-in monthly stipend of between M\$1,300/- to M\$1,800/- (the current rate of exchange of the Malaysian dollar is 2s. 4d.); (ii) Return passage for the fellow, married, for wife and children below age of 12; (iii) accommodation; (iv) Medical charges in accordance with University regulations; (v) Funds for travelling and field research.

Further particulars and application forms are obtainable from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close, in Malaya and London, on October 15, 1961.

COMPUTER
PROGRAMMERS

Stewarts and Lloyds, Limited, invite applications from candidates with a high degree of logical ability to train as Computer Programmers. They should be under 30 and should have a good educational standard. Preference will be given to Graduates and candidates with Further Education in other fields, e.g., in Accountancy.

Successful candidates will undergo a training course before joining the staff working with the Leo 11 installation at Corby. This computer was installed in 1958 and is being used on an increasing variety of business, technical and production problems. Trained Programmers will not necessarily be confined entirely to Computer Programming but may also work on Systems Analysis.

Candidates are invited to write, with full details, to:

Manager/Personnel,
Stewarts and Lloyds, Limited,
Corby, Northants.

BBC requires Vietnamese Programme Officer (British subject). Duties include planning and production of broadcast programmes, supervision and co-ordination of duties of programme staff concerned with translation and broadcasting of news bulletins, talks, commentaries, and feature programmes in Vietnamese. Essential qualifications include wide cultural and general background, organising ability, sense of news values and definite interest in and knowledge of international affairs with special reference to South East Asia. Experience in news or in production and planning of broadcast programmes and the ability to write for broadcasting would be considerable advantages. Knowledge of Viet Nam and Vietnamese or cognate language desirable but successful candidate must in any case be willing to study Vietnamese in order to become reasonably fluent. Salary £1,575 (possibly higher if qualifications exceptional) rising by five annual increments to £2,000 max. p.a. Requests for application forms (enclosing addressed envelope and quoting reference 61.6.405 Ect.) should reach Appointments Officer, Broadcasting House, London, W.1, within five days.

An opportunity exists for a Market Research specialist to participate in the development of an organisation in the field of Industrial Market Research. An extension to the activities of an Engineering Sales Company in Birmingham.

Applicants should preferably have a degree in Economics, and should have actual experience of the conduct of Industrial Surveys. A knowledge of Languages would be advantageous. Replies in confidence to Box 1540.

ECONOMIST / STATISTICIAN

Applications are invited from Honorary Graduates for the appointment of Economist/Statistician with the Committee for Scotland and Northern Ireland of the White Fish Authority.

Generally the duties are to undertake economic surveys and research covering the various sections of the fishing industry and to maintain and analyse fishery statistics.

Applications should be made on the prescribed form. Intending applicants must obtain further particulars regarding duties and conditions of service and the form of application from the Secretary/Solicitor, Committee for Scotland and Northern Ireland, 5 Forth Street, Edinburgh.

UNIVERSITY OF ST. ANDREWS

Applications are invited for a LECTURESHIP in ECONOMICS in QUEEN'S COLLEGE, DUNDEE. Preference will be given to candidates specialising in economic theory. Salary scale: £1,050 x £50 to £1,400 (efficiency bar) x £75 to £1,850 per annum, placing according to qualifications and experience. F.S.S.U. family allowance; grant towards furniture; temporary accommodation.

Applications (six copies) containing the names of three referees, to be lodged not later than September 16, 1961, with the Secretary of the University, Queen's College, Dundee, from whom further particulars may be obtained.

SUBSCRIPTIONS TO THE ECONOMIST

Annual Postal Subscription by ordinary mail UK and Canada £4.10; elsewhere overseas £5. By air see below

	Airmail	Air Freight		Airmail	Air Freight		Airmail	Air Freight
Australia	£10 6s	—	Egypt	£7 15s	—	Israel	£7 15s	—
Canada	—	—	Europe	£6 0s	—	Japan	£10 6s	—
Quebec and Ontario	—	—	Ghana	£9 0s	£6 10s	Jordan	£7 15s	—
Provinces	—	£8 5s	Gibraltar, Malta	£5 0s	—	Lebanon	£7 15s	—
Other Provinces	£9 0s	£7 5s	Hongkong	£9 0s	£8 15s	Malaya	£9 0s	—
Ceylon	£10 6s	£7 10s	India	£9 0s	£7 10s	Malaya	£10 6s	—
China	£9 0s	£7 10s	Indonesia	£9 0s	—	New Zealand	£10 6s	—
East Africa	—	—	Iran & Iraq	£7 15s	—	Nigeria	£6 10s	—
						Pakistan	£9 0s	—

NOTES: Air Freight is normally 24/48 hours slower than airmail. Proportionate Rates are acceptable for subscriptions for less than a year (minimum four weeks).

SOME PRINCIPAL OVERSEAS SUBSCRIPTION AGENTS:

AUSTRALIA: John Hinton & Co., 50 Miller Street, Sydney, New South Wales. BELGIUM: W. H. Smith & Son, 71 Boulevard Adolphe Max, Brussels. BRAZIL: J. de Croze, Rua Mexico 70, s/1110, Rio de Janeiro. CANADA: Wm. Dawson Subscription Service, 387 Mount Pleasant Road, Toronto 7, Ontario. CAYMAN ISLANDS: The Lake House Bookshop, 100 Parsons Road, Fort, Colombo, DENMARK: Ejnar Munksgaard, 6 Nørregade, Copenhagen K. EGYPT: G. Avais, 8 Ibrahim El Lakani, Heliopolis, Cairo. FINLAND: Akateeminen Kirjakauppa, 2 Kesäkatu, Helsinki. FRANCE: W. H. Smith & Co., 248 Rue Rivoli, Paris. GERMANY: W. E. Starbach, Gertrudenstrasse 36, Köln 1. GREECE: Librairie Kauffman, 28 Rue du Stade, Athens. HOLLAND: Van Gelderen Hoofdkantoor, N.Z. Voorburgwal, 142, Amsterdam-C. HONGKONG: The Advertising & Publicity Bureau Ltd., 701-706 Marina House, INDIA: Patrika Syndicate Private Ltd., Gole Market, New Delhi 1, or 12/14 Lindsay Street, Calcutta 16. IRAN: Iranian Amalgamated Distribution Agency, Avenue Shah, 62 Yaghma Street, Teheran. IRAQ: Coronet Bookstore, Merian Building, Southgate, Baghdad, ISRAEL: Weiss Subscriptions, 22 Allenby Road, Tel Aviv. ITALY: Messagerie Italiana, Via Lomazzo 52, Milan 12. JAPAN: Maruzen & Co., P.O. Box 605, Tokyo Central. JORDAN: Joseph I. Bahous & Co., P.O. Box 66, Amman. KENYA: East African Standard, P.O. Box 30080, Nairobi. LEBANON: Librairie Antoine, A. Naufal & Freres, Rue de l'Emir Bechir, Beirut. MALAYA: Messrs. Marican & Sons, Subscription Dept., 74 Orchard Road, Singapore. NEW ZEALAND: Gordon & Gotch (NZ) Ltd., P.O. Box 54, 75 Anzac Avenue, Auckland; Gordon & Gotch (NZ) Ltd., 32 Waring-Taylor Street, Wellington. NIGERIA: Atlas Nigera Ltd., 6 Labajo Lane, P.M.B. 2120, Lagos. NORWAY: A/S Narvesens Litteratur, jensete, P.O. Box 115, Oslo. PHILIPPINES: Morris Corporation, 1000 Morris Building, 1151, Manila. POLAND: A. R. S. Polona Krakowski Przedsiębiorstwo, 7, Warszawa. RHODESIA: Kinastons Ltd., P.O. Box 1498, Bulawayo, Southern Rhodesia. SOUTH AFRICA: American & Overseas Publications, P.O. Box 3025, Port Elizabeth. SPAIN: Distribuidora Internacional, Duque de Sexto, 36, Apartado 9156, Madrid. SUDAN: Sudan Bookshop, P.O. Box 156, Khartoum. SWEDEN: Wengner-Williams A.B. Nordenflychtsgatan 70, Stockholm. SWITZERLAND: Agence Abernethy, Case, 123, Bernerstrasse, 469, Buchs. TANZANIA: British Publications Inc., 30 East 60th Street, New York 22, N.Y.; Eastern News Distributors Inc., 306 West 11th Street, New York 14, N.Y.; The Economist, National Press Building, Washington 4, D.C.; National Publications Co., 4055 Wilshire Blvd., Los Angeles 5, California. VENEZUELA: Distribuidora Santiago C.A. Quinta Oquis, Segunda Transversal Norte, Urbanización Guacaipuro Apartado No. 2589, Caracas.

Providing for Estate Duty

'EDITH'

*purchases and holds
minority shareholdings in
private companies and
small public companies -
where shareholders have
to make provision for
Estate Duty and do not wish
to lose control*

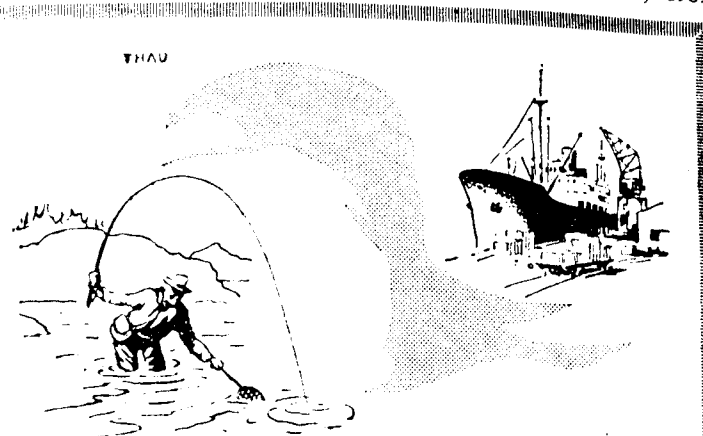
ESTATE DUTIES INVESTMENT TRUST LTD

*The booklet
'Providing for Estate Duty'
will be sent on request*

7 Drapers' Gardens, London EC2
National 0251

*Secretaries and Managers
Industrial and Commercial Finance
Corporation Ltd*

B 16



Business or pleasure in Norway

KREDITKASSEN

Christiania Bank og Kreditkasse

Norway's oldest Commercial Bank
Head Office: Stortorvet 7, OSLO - NORWAY
Offices outside Oslo: Arendal - Dokka - Elverum - Hamar
Moss - Mysen - Trondheim
Telegrams: KREDITKASSEN.

HOW FINE?



'UNIPULVER-FINE' grinding has
already contributed to vastly-improved
products; has made new products
possible; and has many times converted
'waste' into saleable products.

UNIPULVER LIMITED, 38 PRYME ST., HULL
Phone: Hull Central 20074

HANDEL-MAATSCHAPPIJ
H. Albert de Bary & Co. N.V.
HERENGRACHT 448-454 AMSTERDAM



Our experienced
Banking service
is at the disposal of whoever trades with
Holland

Have you Ever Considered Investing in Japanese Stocks?

The phenomenal growth and expansion of Japanese industry have gained international reputation ... and so has Nikko Securities — outstanding for expert, dependable investment service. Exhaustive research by Nikko's staff of experts provides you with reliable, up-to-date data. There is no time like the present. Contact Nikko—your expert counsel for sound and profitable investments.

The Nikko Securities Co. Ltd.

New Marunouchi Bldg., Tokyo, Japan
Telex: TK 2410 Cable Address: NIKOSE TOKYO

New York Branch: 25 Broad St., New York 4
Teletype: NY 1-2759U



Supposing
your telephones
could answer
themselves ...

... then you would have ANSAFONE—Britain's foremost telephone answering and recording system. Think what this would mean. You need never miss a telephone call—day or night! Your customers, for example, can telephone their orders after office hours for prompt attention and routing the following morning. Long and involved reports from your representatives can be sent without distracting staff from more urgent work and during cheap rate periods. Calls may be received and recorded without disturbing an important conference. It will enable you and your staff to send messages and instructions with no need to wait for a personal reply; in other words use the telephone as a long distance recording machine! From these few examples alone it will be obvious how ANSAFONE can increase the efficiency and capacity of your business—but the possibilities are immense. That is why ANSAFONE is fast becoming accepted telephonic practice all over the world. Why wait? You can help yourself, your customers and put your business ahead of your competitors by installing an ANSAFONE system now. ANSAFONE is compact, easy-to-use, and can be rented for as little as 2d. an hour, maintenance free.

ask about



ANSAFONE



A Southern Instruments Company

Single Ansafone Unit

ANSAFONE LIMITED: The pioneers in telephone answering and recording systems.

SALES OFFICES: LONDON—67, 69 Jermyn Street, SW1 • Telephone: Whitehall 3661

MANCHESTER—3 Sunlight House, Quay Street • Telephone: Blackfriars 0123

FACTORY: Frimley Road Factory, Camberley, Surrey • Telephone: Camberley 3401



4

reasons why Japan should be on your trading map

Reason No. 1:

Japan produces a vast range of quality products under a tremendous industrial boom sparked off by widespread technical innovation and improvement in productivity.

Reason No. 2:

The rate of Japan's economic growth has been and still is the highest in the world, even surpassing that of West Germany, and the introduction into Japan of much more foreign capital is required.

Reason No. 3:

Japan has adopted a policy of gradual liberalization of her foreign trade and new business opportunities arise daily in Japan.

Reason No. 4:

Japan has already freed foreign exchange to a significant degree. The establishment of the Non-Resident Free Yen Account System, under which Yen is freely convertible into the main foreign currencies, will especially facilitate overseas investment in Japan.

Business transactions with Japan promote your business development

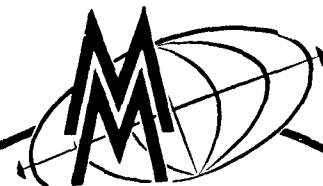
Inquiries are welcomed by:

**THE
MITSUBISHI BANK,
LTD.**

Head Office: 5, 2-chome, Marunouchi,
Chiyoda-ku, Tokyo, Japan

London Branch: 7, Birchin Lane, London, E.C.3.

THE ECONOMIST SEPTEMBER 2, 1961



OVER
500,000 EXHIBITS
FROM 45 COUNTRIES

AT THE
LEIPZIG FAIR
3RD TO 10TH SEPTEMBER 1961

The world's greatest display of
CONSUMER GOODS

Special flights by K.L.M. and SABENA Airlines.
Through bookings by LOT Polish Airlines.
FREE Fair Visas.

For full details apply to
LEIPZIG FAIR AGENCY (Dept. E)
39, St. James's Place, London, S.W.1

CAMPBELL

DISCOUNT COMPANY LIMITED

MEMBER

FINANCE HOUSES ASSOCIATION

Accept
deposits
@ **8%**

CURRENT INTEREST RATES

Money at 1 month's call, 7% per annum,
maximum £10,000

Money at 3 months' call, 7½% per annum,
maximum £50,000

Money at 6 months' call, 8% per annum,
maximum £100,000

Interest can be paid with-
out deduction of tax—a
valuable privilege if you
do not pay income tax at
the standard rate.

Paid-up Capital and Reserves exceed £880,000
Group Assets exceed £5,000,000



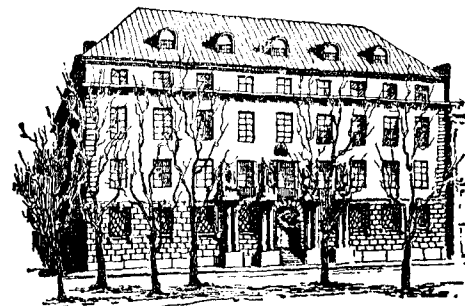
Campbell Discount Co. Ltd., 24-28 Cheapside, E.C.2
Please send me a copy of your Accounts &
Booklet EC.3561

NAME

ADDRESS

THE ECONOMIST SEPTEMBER 2, 1961

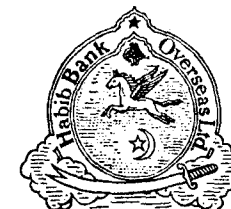
STOCKHOLMS ENSKILDA BANK



ESTABLISHED 1856

AT YOUR SERVICE

FOR EVERY KIND OF BANKING BUSINESS



**Habib Bank
(Overseas)
Limited**

an allied concern of

Habib Bank Limited

KARACHI (PAKISTAN)

A Branch of the Bank
has been opened
at 6 Gracechurch Street
London EC3

**First in
Industrial Finance
Experience in
Management of
Foreign Capital**

Foreign Exchange Business also our line

**The Industrial Bank
of Japan Ltd.**

Head Office: Marunouchi, Chiyoda-ku, Tokyo, Japan.
New York Office: 30 Broad Street, New York 4, N.Y.

ESTABLISHED IN 1902

PROTECTED
BY

C-SENTRY
ANODES

The Bishopsgate Shipping Co., Ltd. M.V. Bishopsgate (19,320 tons D.W.)



- Easy fitting - using cast-in size insert
- Special paint system
- Improved performance of "zincs"
- Improved electrical contact
- Supplied ready for fitting
- Comprehensive size range available
- Advice on protection schemes supplied

C-SENTRY ZINC ALLOY ANODES

CONSOLIDATED ZINC CORPORATION (SALES) LIMITED LONDON S.W.1

The Economist

SEPTEMBER 9, 1961

FOUNDED 1843

One Shilling and Sixpence

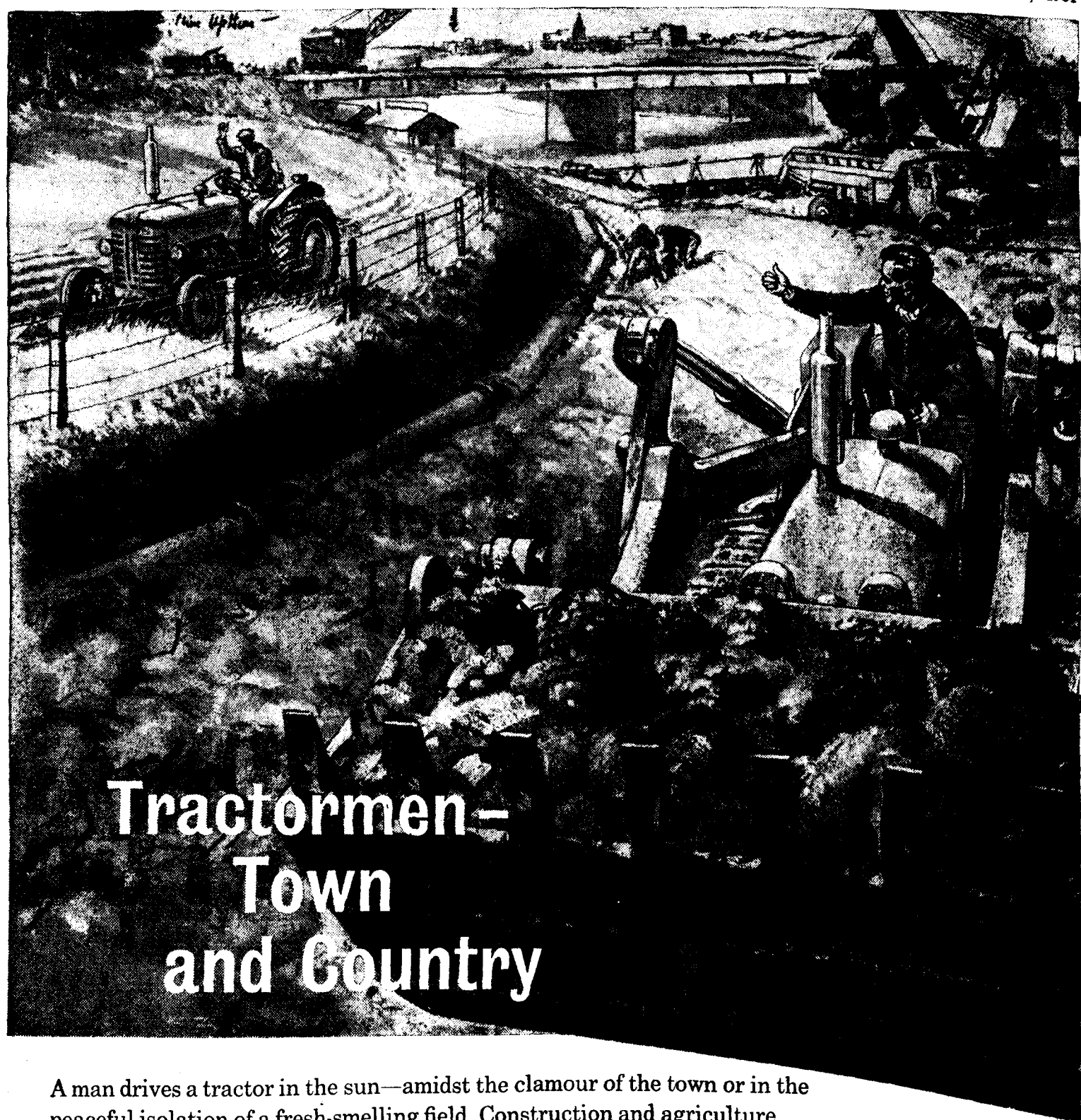
Keep Cool

Self Control
on Tests

Economics of the Press

TUC

Painful Pompey
Reported



Tractormen— Town and Country

A man drives a tractor in the sun—amidst the clamour of the town or in the peaceful isolation of a fresh-smelling field. Construction and agriculture... International Harvester has transformed both.

For the man on the site, International tractors, bulldozers, bullgraders, skid-shovels. For the farmer, McCormick International tractors, ploughs, balers, combines. For both, the satisfaction of operating good-looking, reliable equipment that does the job easily and superbly well. A widened by-pass, a new estate... a more productive acreage, a faster harvest... such are the contributions of the machines that proudly bear the insignia 'IH'—for International Harvester.



INTERNATIONAL
HARVESTER

INTERNATIONAL HARVESTER COMPANY OF GREAT BRITAIN LIMITED · HARVESTER HOUSE · 259 CITY ROAD · LONDON EC1

SECOND CLASS POSTAGE FOR THE ECONOMIST PAID AT NEW YORK, N.Y.
Published weekly every Saturday, fifty-two times a year in London, England.

In The Economist this Week September 9, 1961

INTERNATIONAL

Prudence Please

Bang go the atomic tests now in America, too; but the case for the West to show self-restraint in its nuclear policy remains intact (p. 935). In Washington there are still hopes that reason and restraint may yet rule Soviet policy; the pessimists believe that Russia is driving towards a showdown (p. 983).

Carry on Breathing: an assessment of the effects of fall-out is on p. 946.

The disparate interests of the uncommitted nations at Belgrade are concealed behind the omissions in their declaration (p. 962).

The Brazilian genius for compromise has worked again (p. 941). General Qasim and the oil companies are in need of a flicker of the same talent (p. 942).

Presidents Nasser and Bourguiba have warmly, if provisionally, made it up (p. 944). Afghanistan and Pakistan have coolly bust up (p. 941).

Publicity Pitfalls

A week before the west German elections, Dr Adenauer's ageless image shines less serenely than it did a week ago; the sealing off of west Berlin has brought home to electors that the Federal Republic's achievements have been bought at a price (p. 937). East Germans, meanwhile, beguiled by stories of coming glories, are more concerned with their present vexations (p. 961).

General de Gaulle has publicised a change of view about the Sahara that might usefully have come earlier (p. 944).

Strong men from the United Nations have, as they pass through the Congo, to find a way of keeping this country together (p. 942).

Politics on Probation

Canada's New Democratic party has a challenging leader but the same ideas as the Liberal party (p. 969).

Australia's Labour party has shown signs of returning life by producing an economic programme that plays on the electorate's aversion to unemployment (p. 965).

In Turkey old and new parties approach elections under the shadow of the vanished Menderes regime (p. 966).

Kuwait is hauling itself into political conformity by preparing for elections (p. 942).

Italy's politics are as agitated as Norway's are restful (p. 945).

Price of Progress

If tensions and economic development are inseparable, the meeting of minds at Oxford last week may help to relieve the one and promote the other (p. 995).

The struggle over the United States' appropriations for foreign aid shows how right the President was in attempting, unsuccessfully, to liberate the development loan programme from Mr Passman's grip (p. 984).

HOME

REVERSALS

The Trades Union Congress expelled the electricians' union with a mild pop, probably harmless to its target: the Congress gave lukewarm support to the common market, stronger support to Mr Gaitskell, and by its fiery denunciation of the wage Pause obscured its reaction to the Government's plans to plan. It continues to evade serious issues of union practice (p. 938).

The flow of international funds has about-turned, and causes new anxieties in London; but there is an easy solution (p. 993).

REVOLUTIONS

The first shot in the hot war against the Pause is likely to come from Mr Cousins's lorry drivers, whose claims are less reasonable than they will be made to look (p. 940).

Teachers have refused to see the point of Sir David Eccles's moves this week, which are much more reasonable than they look (p. 940).

REVELRIES

The Liberal Party has prepared its tightly controlled festivities for Edinburgh (p. 942): Labour will go to Blackpool, where family quarrels are unlikely to ruin the holiday as they did last year (p. 941).

REVERIES

The aircraft industry is looking for *dei ex machina* to get its hopes of vertical take-off off the ground (p. 994).

Bath is improving its looks by façade-lifting; but it is not noticeably regaining its youthful vigour (p. 970).

Sanguine Norwegian and other tramp tanker owners have been busily ordering more ships: not so ca'canny Greeks (p. 999).

REVISIONS

Mr Brooke's ideas on housing in the West Midlands are in the right direction: but he is putting the wrong foot foremost (p. 944).

The removal of another Scotland Yard top 'tec to a bank is not disturbing: but the drain of young constables from below is (p. 946).

Tin speculators have been shaken by the prospect of stockpile sales (p. 995).

Shoppers were less profligate just before the Chancellor's squeeze than some people had thought (p. 996).

REVELATIONS

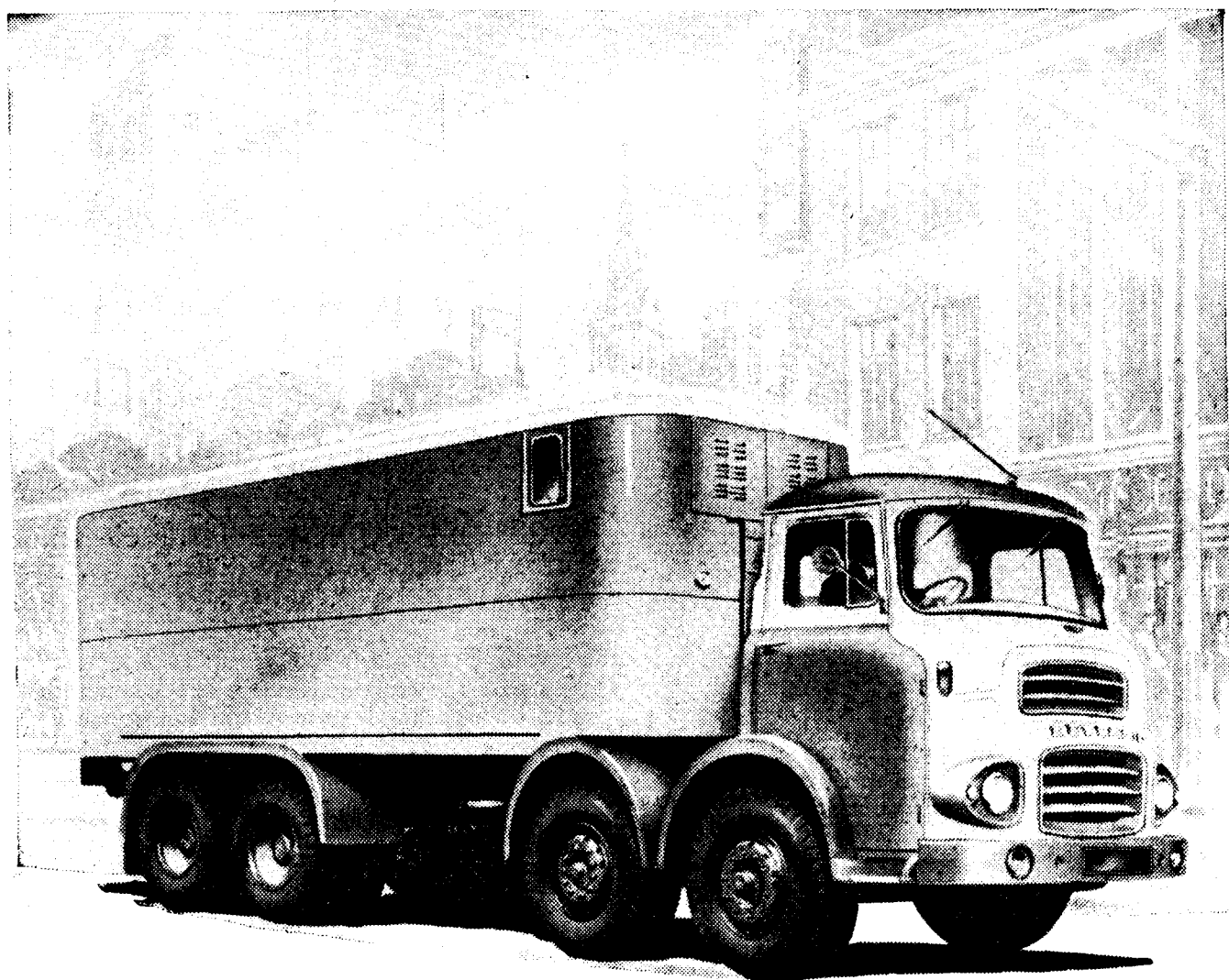
How to call the turn in the business cycle (p. 991).

British shipyards could learn from the Swedish way—given the will (p. 999).

THE PRESS pages 949 to 960

A sober look into the facts of newspaper life and livelihood which the Royal Commission is now trying to bring to light.

Detailed contents on page 935



lay on
Leyland
lay out
less

Experienced operators who *ought* to know, say that Leylands cost less to run and last longer. That's what we think too. But don't take our word for it—naturally we're prejudiced—there's a Leyland dealer near you, why not check for yourself?

Take a look at the new Power-Plus diesel—the most economical engine we've produced yet. And that's saying something. Examine the general layout. Check the transmission—engineered throughout to give year-after-year of trouble-free running. Climb into the cab. Easy isn't it? Thump the walls—note the insulation.

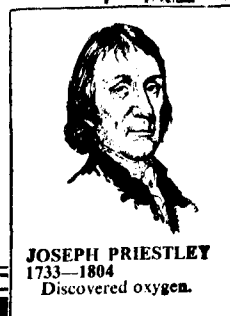
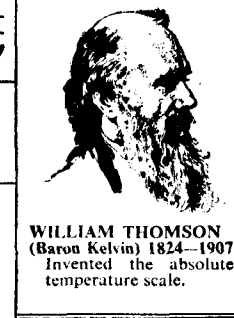
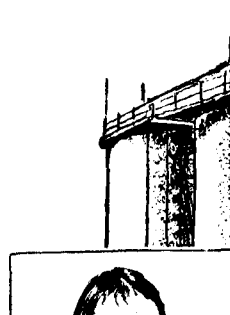
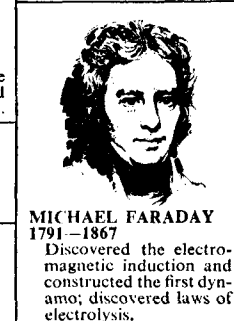
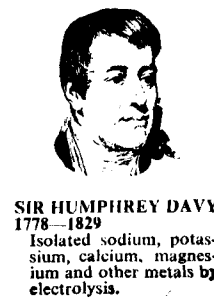
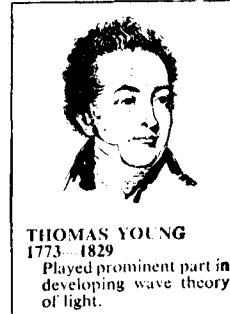
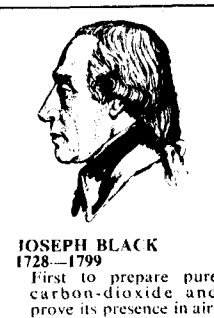
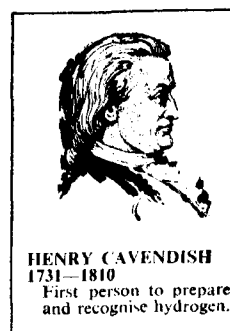
That's how Leylands are built—with an efficiency that gives a lifetime of economy. Lay them on now; and, thereafter, you'll certainly lay out less.



LEYLAND MOTORS LTD.
LEYLAND, LANCS.

Sales Division: Hanover House, Hanover Square, London, W.1. Telephone: MAYfair 8561

A TRIBUTE TO THE **REAL** FOUNDERS OF OUR BUSINESS...



These explorers into matter—these discoverers of the basics of energy—with their contemporaries and successors here and abroad built and continue to enlarge the scientific foundation of the modern technological world. By sound application of this scientific knowledge, the Kellogg organisation designs and builds complex process plants for modern industry.

Technological knowledge is a dynamic and ever increasing mass of inter-related fact and theory. Understanding and applying these data are the functions and responsibilities of the engineers and scientists at Kellogg House and at the Kellogg research laboratories in America. How well they understand and use this ever increasing reservoir of knowledge is exemplified by the successful operation of the many industrial complexes designed and built by Kellogg. The men at Kellogg, faithful to the scientific trust inherited from our real founders, welcome the opportunity to discuss with you the best application of today's technology for your new plant.



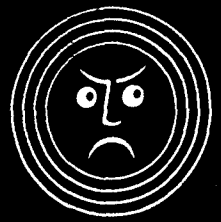
KELLOGG INTERNATIONAL CORPORATION

KELLOGG HOUSE, 7-10 CHANDOS STREET, CAVENDISH SQUARE, LONDON, W.1.

SOCIETE KELLOGG • PARIS • THE CANADIAN KELLOGG COMPANY LTD • TORONTO • KELLOGG PAN AMERICAN CORPORATION
BUENOS AIRES • COMPANHIA KELLOGG BRASILEIRA • RIO DE JANEIRO • COMPANIA KELLOGG DE VENEZUELA • CARACAS

Subsidiaries and affiliates of THE M. W. KELLOGG COMPANY NEW YORK

Portraits reproduced by courtesy of the National Portrait Gallery, London.



430 enemies

but
many thousands
of
friends

There are up to 430 enemies of good paper production—430 variables which can spoil the consistency of a paper.

At J. A. Weir we have some of the best and most modern plant in the country but this alone is not enough.

Only craftsmanship, wedded to science, can ensure the perfect paper which is part of our tradition and our job is not to mass-produce thousands of tons but to meet the exacting needs of modern printing in more modest quantity. An important man in the constant battle against these variables is the Beaterman, for on his skill and not on the machines alone depends the final properties of the sheet.

We may have 430 enemies but, thanks to our craftsmen, we have many thousands of friends.

Just for interest you might well enjoy reading 'Talking to Papermakers'. Please let us know if you would like a free copy.

J. A Weir Limited

Papermakers
KILBAGIE by ALLOA
SCOTLAND



We make it strong and simple

A great deal of thought and research go into the design of Ellison Switchgear in order to obtain that simplicity and robustness so necessary to ensure reliable service and ease of maintenance. Like the circuit breaker contact illustrated, every part benefits from careful thinking plus the traditional craftsmanship for which we have been noted for over half a century. Trouble-free service without the need for frequent maintenance—these are the reasons why so many of our orders are from customers of long standing. They know that Ellison Switchgear depreciates only in the balance sheet.

We manufacture high and low tension switchboards, heavy duty fuse-switchgear, oil- and air-break circuit breakers and motor control gear. We provide a comprehensive consultancy, after-sales and spares service and are the owners of an A.S.T.A. authorised testing station.

ELLISON SWITCHGEAR

For complete reliability



GEORGE ELLISON LIMITED · PERRY BARR · BIRMINGHAM 22B

You seek
experience
every day,



you look for it in the people to whom you entrust your health, the education of your children, the care of your money. You look for experience in every important choice you make. For when you seek experience, you also seek the peace of mind that comes with knowing you have chosen wisely and well.

It's no surprise then that so many overseas travelers put their trust in Pan American. For over the years Pan Am has established itself as the *World's Most Experienced Airline*.

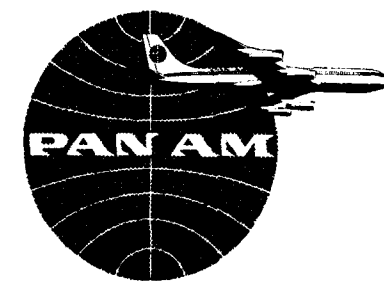
Enjoy the Priceless Extra of Experience on your next trip abroad

From the moment you choose Pan Am—you have a feeling of confidence to be enjoyed every moment of the way.

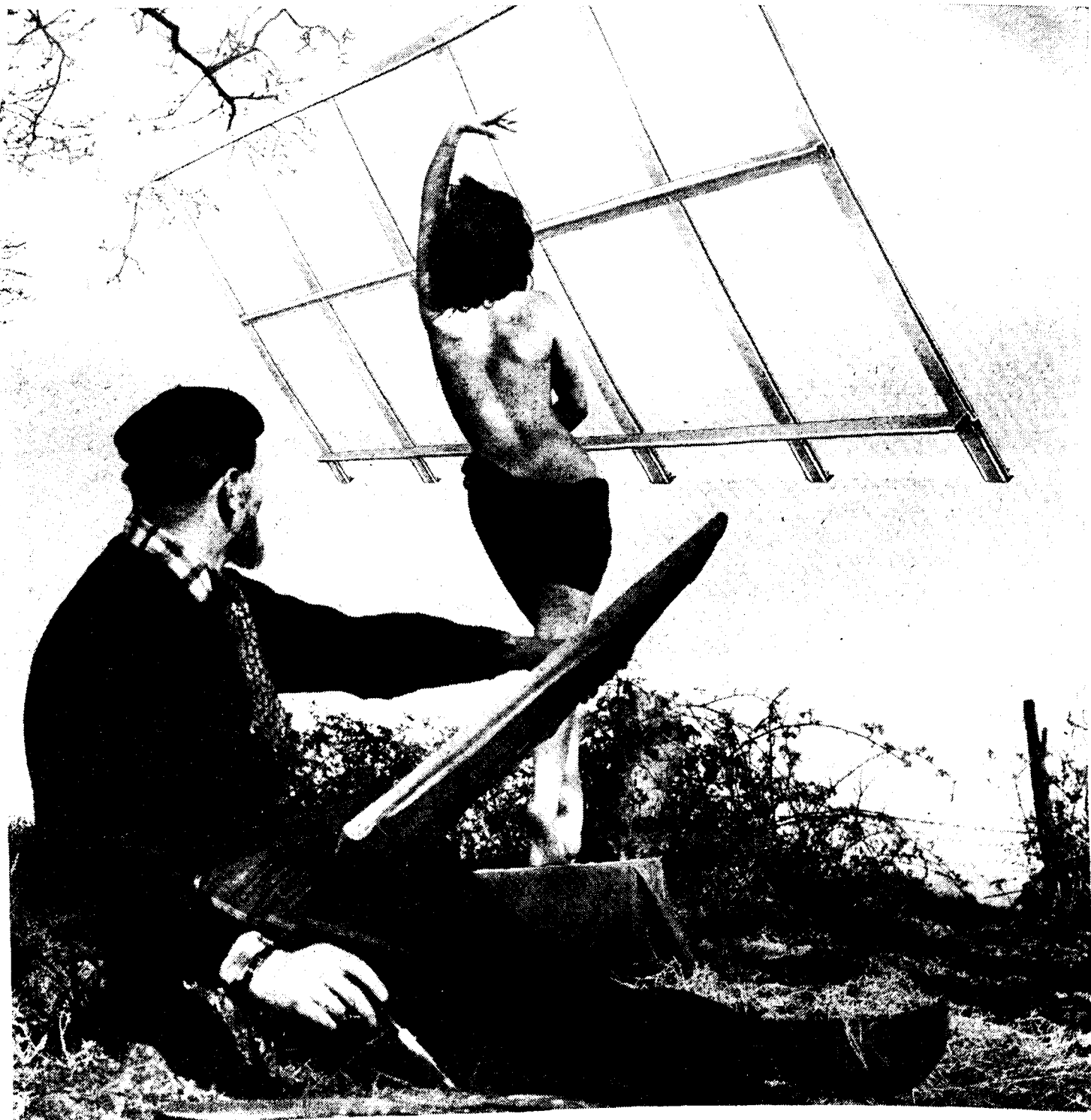
The Priceless Extra is reflected in everything that Pan Am does. You see it in the expertness and courtesy of Pan Am people on the telephone and in the ticket office. You see it in the faces of Pan Am personnel—veteran pilots and flight crews trained to exacting U.S. standards. You see it in the spotless perfection of your airplane, inside and out. You see it in the gracious flight attendants who serve you. And in the rare wines and delicious food—the banquet catered by *Maxim's of Paris*.

Today Pan Am flies the world's largest over-ocean Jet fleet. No other airline can compare with Pan American's service to 80 countries on all 6 continents.

In the next few months thousands of travelers will board Pan Am jets to the U.S.A. and other points throughout the world. Included in the price of their tickets will be Pan Am's Priceless Extra of Experience. It costs no extra for this extra peace of mind.



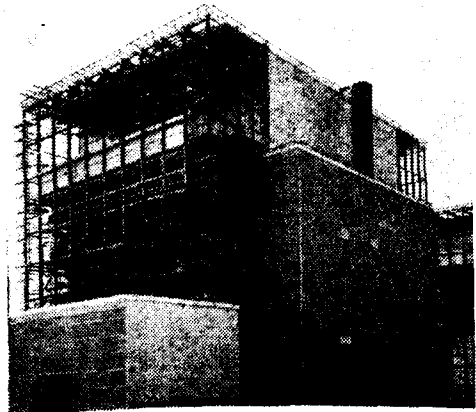
World's Most Experienced Airline



Aluminex patent glazing puts light where you want it

Light, strong and virtually maintenance-free even in corrosive atmospheres, Williams and Williams Aluminex Patent Glazing puts daylight just where it is needed—and it goes up so quickly.

WILLIAMS & WILLIAMS forward looking building products



A quarter of a million square feet of Williams and Williams Aluminex Patent Glazing was specified for Hinkley Point nuclear power station now under construction. Tested in the Williams and Williams wind tunnel, Aluminex will give years of trouble-free service even on this site where winds up to 108 m.p.h. can be expected.

Under construction for C.E.G.B. by English Electric, Babcock and Wilcox, Taylor Woodrow Atomic Power Construction Company Limited.

Williams & Williams make RELIANCE steel windows of every description, ALOMEGA and other aluminium windows, ROFTEN movable steel partitioning, ALUMINEX patent glazing, WALLSPAN curtain walling and many other products, all of which can be seen at our permanent exhibition at 38 High Holborn, WC1. Tel. No: HOL 8881 WILLIAMS & WILLIAMS, RELIANCE WORKS, CHESTER • WILLIAMS HOUSE, 37-39 HIGH HOLBORN, LONDON, WC1

This is what unlosable money looks like



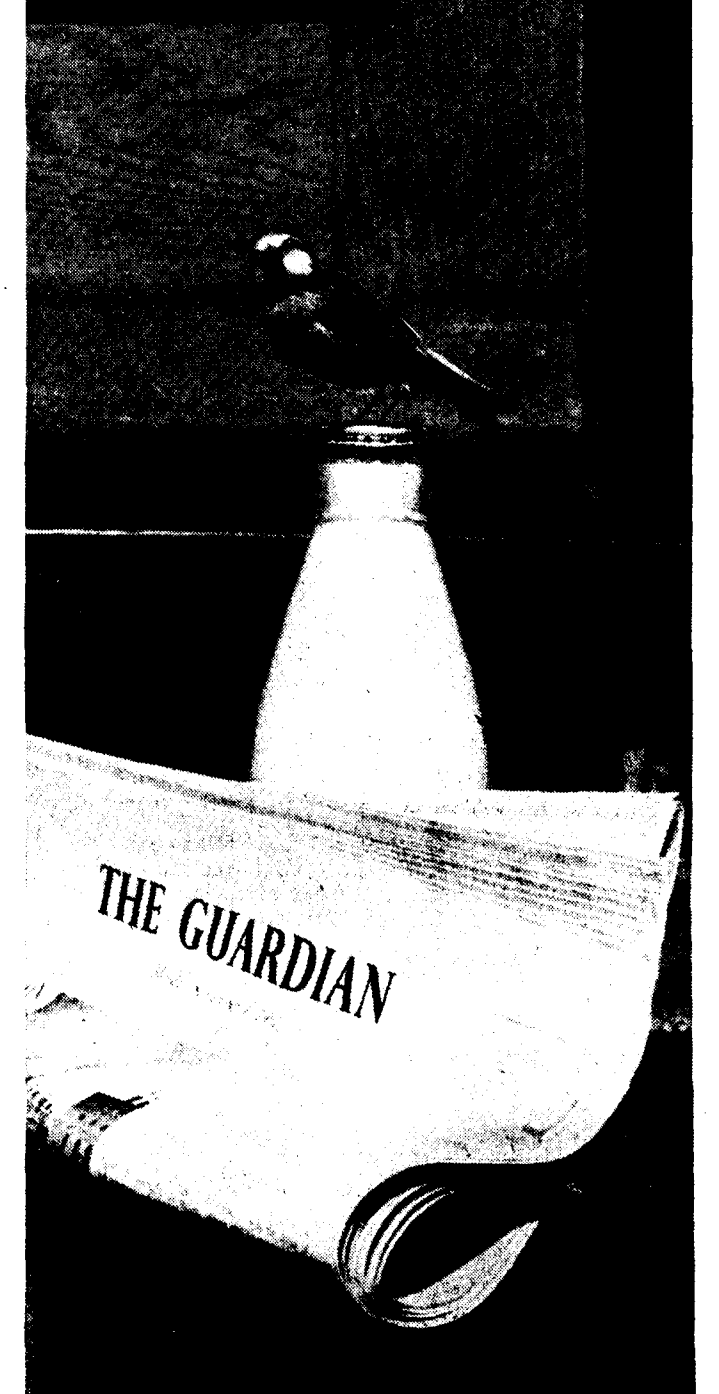
American Express Travellers Cheques—Sterling or Dollar

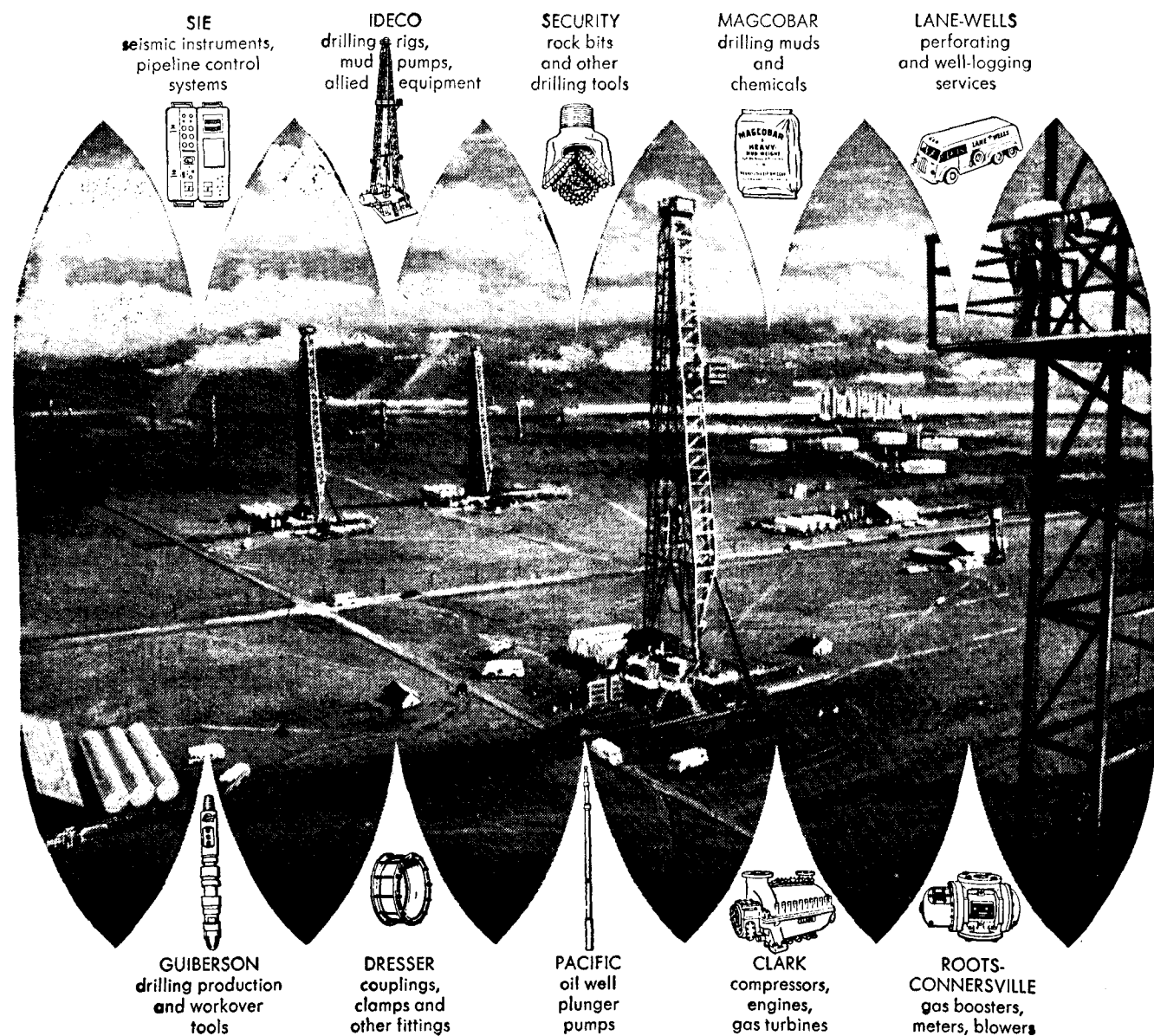
Travel—with the security and confidence that your own bank gives you. Travel with American Express Travellers Cheques, the unlosable money that's as safe in your pocket as it is in your bank account. In Britain or abroad, *never carry more cash than you can afford to lose*. Take the rest in American Express Travellers Cheques—if you lose them your money is promptly refunded through any of nearly 400 American Express offices throughout the world. It's the safest way to carry money *anywhere*.

American Express Travellers Cheques, first introduced 70 years ago, are available in sterling and dollar denominations. They're spendable everywhere and they're valid forever. Buy American Express Travellers Cheques at your bank or at any American Express office. The cost is only 1%.

Money that's unlosable—spendable anywhere
AMERICAN EXPRESS TRAVELLERS CHEQUES

London printing of
THE GUARDIAN
from September 11th
means that lively minds almost
anywhere can have
The Guardian by breakfast time





Dresser is everywhere in the WORLD of OIL and GAS

Starting with exploration—and all the way to the end of the pipeline—you will find Dresser equipment, Dresser technology, Dresser ideas and Dresser services working throughout the world.

Seismic instruments . . . drilling rigs, on land and offshore . . . drill bits, drilling tools and drilling muds . . . compressors, engines, gas turbines . . . mud pumps and oil well plunger pumps . . . perforating and well-logging services . . . oil well production and workover tools . . . pipeline

couplings, clamps and fittings . . . electronic pipeline control systems . . . gas boosters, meters, blowers—all are provided everywhere by Dresser Industries, a world-wide group of integrated companies and licensees.

The world of oil and gas is a Dresser world. And it's a world that's yours to use confidently, no matter where you operate. Call on the men of Dresser . . . rely on the products and services of Dresser . . . anywhere in the world.

INTERNATIONAL REPRESENTATIVES

ARGENTINA: Dresser A. G., Viamonte 867, Buenos Aires
 ENGLAND: Dresser (Great Britain) Ltd., 197 Knightsbridge, London S.W. 7
 FRANCE: Dresser (France) S. A., 37 Avenue d'Iena, Paris 16
 ITALY: Dresser Italy, S.p.A., Piazza Cavour 3, Milan
 MEXICO: Dresser A. G., Paseo de la Reforma 95-1102, Mexico City 4
 SWITZERLAND: Dresser A. G., Mühlebachstrasse 43, Zürich
 VENEZUELA: Dresser A. G., Edificio Radio Continente, 6° Piso, Ave. Mexico, Los Caobos, Caracas

Agents in the principal cities of the world

Republic National
 Bank Building
 DALLAS, TEXAS, U.S.A.

Equipment and technical services for the oil, gas, chemical, electronic and other industries



Dear Sir...
 Dear Sir...
 Dear Sir...

Thousands of letters dealing with problems in the use of nickel containing materials are sent out in the course of a year from our Research and Development Department. Some are simple answers to straightforward queries . . . others may be the start of a process which ends with the development of improved materials or techniques for industry. All this is part of the constant business of helping industry to make better and better use of . . .

Nickel and its alloys

The collective experience of our development and research staff is made available to you through our wide range of publications and a free consultation service.

Write to:

THE INTERNATIONAL NICKEL COMPANY (MOND) LIMITED

THAMES HOUSE MILLBANK LONDON SW1

(Formerly The Mond Nickel Company Limited)



OUR SPECIALITY IS FULFILLING YOUR PROCESS PLANT NEEDS . . .

Whatever your Process Plant needs, CHIYODA is suited to the job, large or small. CHIYODA'S permanent staff of over 900 highly capable engineers—including 450 draughtsmen—is among the best in its field. CHIYODA'S modern, large Kawasaki Factory ensures the finest in Fabrication. It all adds up to peerless quality, competitive prices and early delivery.

"Process Plants & Equipment Specialists"



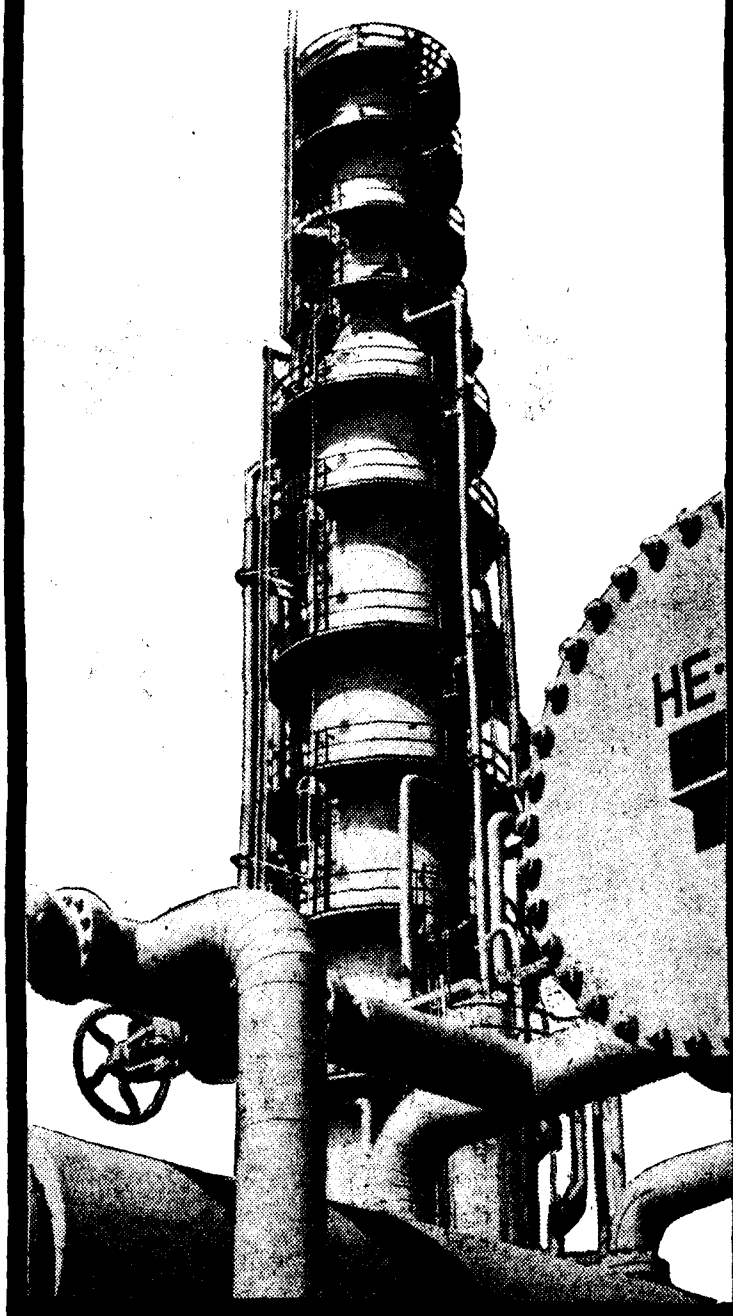
CHIYODA

CHEMICAL ENGINEERING &
 CONSTRUCTION CO., LTD.

PRESIDENT A. TAMAKI

No. 3, MARUNOUCHI 2-CHOME, CHIYODA-KU,
 TOKYO, JAPAN

Cable Address: "CHIYOTAKA TOKYO"



In Ireland
as well as in
the U.S.A....

papermakers use
and like

RIEDEL
CHLORINE DIOXIDE BLEACHED
PULPS



ALBACEL

Bleached Softwood

ASTRACEL

Bleached Hardwood

Throughout the free world, papermakers use and like Riegel Pulp... paper-grade pulps that provide the right balance of all important qualities... brightness, cleanliness, strength, formability and proper beating characteristics.

BALANCED PAPER-GRADE PULPS...
Created BY Papermakers FOR Papermakers

RIEDEL PAPER CORPORATION

260 Madison Ave.
New York 16, N.Y.
U.S.A.

RIEDEL FOLDCOTE

Machine-coated solid bleached board, made with a blend of Albacel and Astracel pulps. For folding cartons with greater strength and more eye-appeal. Export inquiries invited.

609
M.P.H.

... that's the speed at which SWISSAIR's new Convair 880-M jetliners fly you to the Middle and Far East. This means you save almost a whole day, flying to Tokyo!

Whether you fly First or Economy class you'll enjoy excellent service and delicious Swiss cuisine on every flight.

5 jet services weekly to the Far East in association with **SAS**

Don't forget these flights also carry cargo!



BOOK THROUGH YOUR TRAVEL AGENT

SWISSAIR

EUROPE AFRICA MIDDLE EAST FAR EAST U.S.A. SOUTH AMERICA

Offices in LONDON MANCHESTER GLASGOW BIRMINGHAM DUBLIN

AMF...
first in
world-wide
bowling



Over 80,000 AMF Automatic Pinpointers around the world: AMF has gone world-wide with the machine that revolutionized bowling. Ever since the first fully automated lanes were opened in September, 1951, at the Bowlodrome, Mount Clemens, Michigan, U.S.A., the AMF success story has been repeated on every continent. Over 80,000 AMF Automatic Pinpointers have been installed or contracted for world-wide, and the rapidly-growing international market accounts for over 4,000 of these, with a backlog of orders worth more than \$24,000,000.00.

The AMF Automatic Pinpointer record: AMF's impressive list of "firsts" include: U.S.A., September 15, 1951; Canada, August 26, 1957; Puerto Rico, March 29, 1959; Sweden, June 22, 1959; Mexico, November 15, 1959; Venezuela, December 15, 1959; United Kingdom, January 20, 1960; Panama Canal Zone, February 26, 1960; Bahamas, March 10, 1960; Monaco,

June 13, 1960; Belgium, August 13, 1960; France, August 29, 1960; Australia, October 14, 1960; Switzerland, October 18, 1960; Bermuda, January 5, 1961; Italy, March 15, 1961; Japan, June 15, 1961; and the Netherlands, June 27, 1961. Wherever Pinpointers and other AMF bowling equipment are in operation, AMF provides sales and service personnel.

AMF Automatic Pinpointers are now installed in over 95% of all overseas U.S. Armed Forces establishments with automatic bowling lanes. One large order equipped all of the 160 Army bowling centers in Europe.

AMF Pinpointer assembly overseas has already begun in new AMF plants in England and Australia. AMF also produces overseas, the full AMF line of top quality equipment including bowling lanes, Magic Circle*, Underlane® ball returns, pins, balls and accessories.

AMF International's 40 years of experience in overseas markets: A long history of successful export sales and overseas operations in machinery and other products has enabled AMF to achieve record progress and continuing leadership in the current world-wide expansion of the bowling industry. AMF now has 14 plants overseas producing tobacco and bakery machinery, water treating equipment, nuclear and electrical products, and a wide range of recreation goods.

Let us have the opportunity to show you how an AMF equipped bowling center can be a sound investment for you.

*Trademark

AMF International

DIVISION OF AMERICAN MACHINE & FOUNDRY COMPANY

261 Madison Avenue, New York 16, N.Y.

Sales offices in: Frankfurt • Geneva • London • Mexico City • Paris • Rome • San Juan • Sao Paulo • Stockholm • Sydney • Tokyo • Vienna • Wiesbaden



this
aircraft
is

100 miles long



100 miles long, 10 miles wide and 1,000 feet deep, in fact . . . because rigid safety regulations say that ten minutes flying time, ten miles of lateral space and one thousand feet of vertical space shall separate all aircraft all the time they are using the air lanes. Now, multiply the *number* of aircraft that are flying . . . magnify their size . . . increase their speeds . . . and the problem of separation becomes difficult indeed. Obviously, accurate instrumentation, advanced electronics and even more advanced navigational aids are of paramount importance. In these three directions alone, Ferranti are making significant contributions to Britain's progress in the air.

FERRANTI

First into the Future

Airpass Radar Fire Control Systems; Gyroscopes; Transistorised control units; Artificial horizons; Missile Guidance and Control Systems; Inertial navigation systems; Machine tool control systems; Silicon semi-conductor devices for controls; Power supplies; Instruments and Radar; Electronic computers and systems.

FERRANTI LTD, HEAD OFFICE: HOLLINWOOD, LANCS. LONDON OFFICE: KERN HOUSE, 36 KINGSWAY, LONDON, W.C.2

The Economist

SEPTEMBER 9, 1961

Test of Self Control	935
The Bonn Succession	937
Painful Pompey	938

NOTES OF THE WEEK	940
Lorry Drivers; Teachers; Brazil; Afghanistan; Labour Conference; Liberal Conference; Congo; Kuwait; Iraq; West Midlands; North Africa; Neutrals; Italy; Norway; Police; Fall-Out.	

THE PRESS

pages 949-960

THE WORLD OVERSEAS

<i>East Germany: Triumph and Struggle in Saxony</i>	961
The Non-Aligned Out of Step; The Economics of Mateship; Revolutionary Democracy in Turkey; Canada's New Party.	

HOME REPORT

<i>Bath: Georgian Museum</i>	970
Parched Prospects; Post-fabricated Pre-fabs.	

LETTERS	975
---------------	-----

BOOKS

<i>The Fleet was Ready</i>	976
----------------------------------	-----

AMERICAN SURVEY

Test of What?	983
Responsibility in Detroit; Aid in an Obstacle Race; Pressed Steel; Schooling the South; Firms that Run Away; Twin City Reborn; Pets Galore; Bargain Basement in the Air.	

THE BUSINESS WORLD

Calling the Turn	991
------------------------	-----

BUSINESS NOTES	993
----------------------	-----

Sterling; International Finance; Aircraft Industry; Tin; Machine Tools; Profits and Dividends; Overseas Development; Spending and Borrowing; In the Markets; Oil Tankers; Shipbuilding; Canada; Atomic Fracas in Sweden; Plastics; Bids and Deals; Management; Oil; Shorter Notes.

COMPANY AFFAIRS

Bowater Paper; Carreras; Great Universal Stores; Davy-Ashmore and Wellman Smith Owen; Unigate; Triplex; Murex.

Money and Exchanges	1015
---------------------------	------

London and New York Stocks	1016
----------------------------------	------

Prices and Wages	1018
------------------------	------

Annual Postal Subscription by ordinary mail UK and Canada £4 10s; elsewhere overseas £5; by air see page 1019

VOLUME CC - NUMBER 6159

Test of Self Control

KEEP cool, don't be flustered into doing things you may regret: this is what the West has been telling itself since Mr Khrushchev banged his nuclear fist on the table a week ago. In giving itself this sensible advice, the West has been thinking chiefly of Berlin. But the advice applies equally well to another problem: what policy ought the allies to adopt towards nuclear weapons, now that the tests suspended in 1958 have begun again? It is tempting to conclude that Mr Khrushchev's return to the ritual of explosions, followed by President Kennedy's decision on Tuesday to resume American tests, marks the death of the attempt to keep nuclear weapons under control. The only course now open to the western powers, in the view of those who think so, is to recognise that control is impossible, and to throw themselves with zeal into the task of perfecting their atomic armouries. As often, however, reality is not so satisfyingly dramatic. It is a mark of being flustered to say that there is now no alternative to an unrestrained race for nuclear superiority. There is still a strong case for the West, as an act of unilateral self-control, to try to set some bounds to the development and distribution of these weapons.

Two questions have to be decided. The first is whether Mr Kennedy, having ordered the resumption of tests "which prudent men find essential," is now willing to limit these tests to the briefest series compatible with military necessity. It was inevitable that the Americans would begin testing again sooner or later, if Mr Khrushchev went on banging away and unless Mr Kennedy were converted to pacifism. But, by making known so soon his decision to go ahead, the President has lost some of the international sympathy that came America's way last week. It is hard to see why the third Soviet test (or the tenth, for that matter) should have caused him to jettison the restraint he preserved so admirably through the first two. This sudden lurch away from equanimity has caused surprise even in America, to judge from the report of our Washington correspondent on page 983. Such facts as are available to laymen suggest that Mr Kennedy might well have waited a little longer. Since he has not done so, however, the same facts suggest that the forthcoming series of American tests can, and should, be kept as short as possible.

In tactical nuclear weapons, the Americans are generally reported to be substantially better equipped than the Russians at the moment. In strategic weapons, the West's most pressing need is to make sure that it can deliver its existing stockpile of nuclear explosives through the Russian defences accurately and in sufficient quantities. The implication is that the design and production of the means of delivery need more attention, for the time being, than the testing of warheads. Eventually, of course, changes in the delivery systems will require new warheads; and, even before then, it will probably be necessary to try out hitherto untested warheads, like that of the Polaris missile, which are being put into service on the scientists' assurance that they will actually go off with the predicted effect. On the face of it, however, and in view of the fact that the scientists have now had a good deal of practice in predicting these things, it ought to be possible to limit fairly stringently the number of tests required for these purposes. Just how many are necessary only the military experts can say. The layman's job is to insist that the decision is a purely technical one; and to urge the soldiers not to exaggerate out of misguided enthusiasm for the tricks of their trade.

Last Sunday's offer by Mr Kennedy and Mr Macmillan—to refrain from making any more tests in the earth's atmosphere, if Mr Khrushchev would agree to do the same—was a step in the right direction. Mr Kennedy should now go on from there to say that, as soon as the underground experiments "which prudent men find essential" have been completed, he will order a further pause in all testing to see whether Mr Khrushchev has decided that the race is futile. The aim in offering such a pause is not merely to win the good opinion of the uncommitted world. Contrary to what some people seem to have expected, the neutrals were never likely to line up for admission to Nato or Seato just because Mr Khrushchev had started to drop fall-out on their heads; nor was Mr Khrushchev liable to resign from office because Dr Nkrumah admitted to being shocked. There is a better reason why the United States should limit its new programme of underground activities as closely as possible. The testing that is now about to begin will add comparatively little to the West's air of resolution on Berlin; to restrict the tests to the necessary bare minimum, on the other hand, may be the only way of preserving a last flicker of sanity in relations between East and West.

If the Americans give the impression that their experiments are going to go on indefinitely, Mr Khrushchev will presumably feel the urge to make some further show of strength, perhaps by letting off a multi-megaton monster, perhaps by moving troops in central Europe. If and when the negotiators ever meet to talk about Berlin or other matters, they will barely make their voices heard above the din of demonstration and counter-demonstration. On the other hand, if Mr Kennedy proposes a pause for reflection after the current round of testing, it is just possible that his restraint may strengthen the forces of caution inside Russia and weaken the faction that has urged Mr Khrushchev upon his present policy of intimidation. The chances that will happen may not indeed be large; but, unless urgent military necessity dictates otherwise, they should be grasped at.

THE other decision facing Mr Kennedy is at least as delicate. Should the United States now forget its inhibitions about distributing nuclear arms to its allies in Europe—in particular, to west Germany? Dr Adenauer's prompt reaction on August 31st to the news that Russia was resuming tests was to repeat the demand that the west German army should be equipped with the "most modern weapons." At first sight it seems logical to argue that, now the Russians have cast restraint aside, the West has no choice but to give the allied armies in Europe full command over the weapons needed to resist a nuclear attack; the German army, as the biggest available to meet the Russians, naturally has the strongest claim. But

THE ECONOMIST SEPTEMBER 9, 1961

a closer look suggests that here, too, there are powerful arguments in favour of caution and delay.

In the first place, any wider distribution of nuclear arms in Germany will undoubtedly make it even more difficult than it is now to come to an understanding about the future of central Europe. At present, the Bundeswehr possesses a number of tactical weapons, some of them of considerable range, capable of firing nuclear warheads, but the warheads themselves remain in the custody of American officers. Whatever else Mr Khrushchev had in mind when he started to put pressure on Berlin, there seems no reason to doubt that one of his motives, as he told Mr Walter Lippmann, was to get general recognition of the frontiers of central Europe before nuclear rearmament went any further. If the west German army is now given more atomic arms, or closer control over their warheads, Mr Khrushchev may find it necessary to respond by making similar provisions for the communist countries near Germany. The governments concerned in the unsettled dispute over middle Europe's frontiers would then face each other with an array of weapons that made the dispute even more dangerous than it is now. It is hard to see how this would promote stability; it might well put off any possible reconciliation in the region into the almost invisible future.

In addition, it is doubtful whether the possession of tactical nuclear weapons, and control over their warheads, is as important for European armies as it might have seemed a year ago. Since President Kennedy took office, he has tried to diminish the importance of these weapons. Like most people, he doubts whether an atomic conflict can be limited to the tactical level without rapidly graduating to an exchange of intercontinental missiles. This is why he has sought to expand the West's conventional forces, and to demote tactical nuclear arms to the point where they become little more than a deterrent to stop the Russians from using the similar weapons they keep behind their lines. If events let him carry this policy through, then it becomes conceivable that an outbreak of fighting in Europe, at least in its first stages, might still be confined to conventional arms. In those circumstances, front-line commanders would not require instant control over atomic weapons; "nuclear capability" need not be distributed more widely than it is now; and the present arrangement for warheads, which keeps them in American hands, should not be amended.

It is not easy, in the present state of the world, to ask your allies to keep their hands off a whole category of powerful weapons; or your military commanders to cut down to the bare minimum the number of devices they want to test. In deciding the future course of his nuclear policy, Mr Kennedy has to try to lift his eyes beyond his immediate military needs to the still more urgent necessity of stopping the crisis from getting any worse. Unless some hitherto unrevealed facts are made public, the West's military needs look as if they could be satisfied by a fairly brief series of nuclear tests, look at the wider horizon suggests that, this series having been completed, the western powers should try to refrain from doing anything else that might speed the world down the slope to irrationality—and destruction. This will call for considerable self-discipline; but the effort, if it gives the forces of calmness and moderation a chance to rally, will richly justify itself.

Economics
of the Press

pages 949 to 960

THE ECONOMIST SEPTEMBER 9, 1961

The Bonn Succession

The smooth working of the campaign machines in west Germany has suffered a jolt from Berlin

FEDERAL Germany, twelve years old, elects its fourth Bundestag on September 17th; and once more it is Dr Adenauer who submits himself to the electorate for a further term of office. Only a month ago, when the massive Christian Democrat campaign was getting under way, Dr Adenauer's fourth term looked as certain as anything could look. His lieutenants seemed to have little problem before them, beyond that of reassuring the west German electors that Dr Adenauer would take care of the future, while keeping their own courage up by telling themselves that the day was surely near when he would hand over to one of them.

A robust 85, the Chancellor himself was giving more countenance to the first theme than to the second. He had shown in 1959, when he contemptuously changed his mind about accepting the federal presidency, what he thought of the ageing juniors who might be called to take over the substance of power from him. Outsiders who talked to him in June and July got the impression that he viewed the electoral outlook for 1961 with serenity, but was beginning to worry about his chances for 1965.

Naturally this self-assurance did not mean that the Chancellor, any more than his government lieutenants or his campaign organisers, was thinking of leaving anything to chance. This is not his way. The mechanics of Dr Adenauer's last electoral victory, in 1957, have been analysed by Mr Uwe Kitzinger, of Nuffield College, in a study of admirable thoroughness and detachment.* As Mr Kitzinger says:

The carefully calculated depth-psychology and the sheer dimensions of the CDU's campaign in 1957 represented a new phenomenon in European political style.

Meticulous plans were laid to repeat, and exceed, this performance in 1961. The last general elections saw the Christian Democratic Union attain an absolute majority of the valid votes cast, the first party ever to do so in a democratically conducted general election in Germany. This was not achieved at the expense of the union's principal opponents, the Social Democrats, who also increased both their parliamentary representation and their proportion of the popular vote. The small parties lost strength to the two big ones. The objective in this year's Christian Democrat campaign, as planned, was to go one better and take votes from them all, including the Social Democrats themselves.

The campaign planners had an important domestic political change to take into account. The Social Democrats, shaken by the prospect of perpetual opposition into looking afresh at many cherished concepts, threw overboard a large part of their socialist programme and of their root-and-branch opposition to Dr Adenauer's policy of alliances. They reorganised their leadership in order to offer the electors a progressive

* *Germah Electoral Politics. A Study of the 1957 Campaign.* By Uwe Kitzinger. 1960: Oxford University Press. 381 pages. 45s.



Old Chancellor



Young Pretender

alternative to Christian Democratic government in a new, more modern style. They adopted a young, attractive, dynamic chancellor-candidate in the person of the governing Burgo-master of Berlin, Herr Brandt, and proceeded to build their election campaign around his personality. Thus confronted with a new campaigning problem, the Christian Democrats set about meeting it in two ways: first, the systematic destruction of the "image" offered by Herr Brandt (it has become impossible to discuss modern German electoral techniques without using advertising language) by representing him as a nameless adventurer and a doubtful patriot; second, the building up on an overwhelming scale of a "counter-image" of authority, serenity and certainty: Dr Adenauer.

Enlightened Germans, more concerned with the German Federal Republic's own "image" in the world than with either of these conflicting leadership-symbols, have deplored both the ruthlessness of the attack on Herr Brandt's name and character, and the degrading over-simplifications by which, through countless media and at probably unprecedented cost, the identification of national security and well-being with the venerable Chancellor's person has been drummed into the west German voter's head. Whether these methods are in the German national interest is one thing; whether they are effective is quite another. A month ago they seemed to be working very well, and the Adenauer campaign seemed set fair for an increased majority.

AUGUST 13th, the day when Herr Ulbricht sealed off east from west Berlin, introduced a new element into these calculations. Observers from outside may not find it easy to see why it should. The history of the German Federal Republic is the history of a choice: the choice of reconstruction and development in the western part of Germany, with perspectives opened up westward through the European communities and the North Atlantic alliance, in preference to the attempt to restore an all-German state around the old capital, Berlin. The choice made, one would have supposed it to be obvious that west Berlin could have no political function; and, in that case, if the city did not come to terms with the surrounding communist power, whether by Mr Khrushchev's "free city" formula or some other, it could at best be maintained as an enclave. The new wall across Berlin has done no more than bring this home.

Having made such a choice, a west German government could have defended it with composure before the electors. What Dr Adenauer's three administrations have achieved in

domestic improvement, in the raising of the country's international status, and in the foundation-laying of an integrated western Europe, exceeds the boldest hopes of twelve years ago, and the west Germans know that they would be mad to throw it lightly away. They could have been asked, confidently enough, if they would have preferred to pay the price that would have been required of them if they had put national unification first. Would they have preferred a united, neutralised, isolated Germany to what they have now?

But the choice has never been put before them in these, or any straightforward, terms. At every step in the process of attaching west Germany to the West, they have been told that this was the best and only way to the reunification of Germany "in peace and freedom." Bonn and the allied governments have alike paid constant lip-service to this objective. The alternate taunting and snubbing of the east German regime, and the attribution to west Berlin of an active part in the cold war, have merely been parts of this make-believe. Now it turns out that the communists in east Berlin possess the power to rope west Berlin off as if it were a reservation for some recalcitrant tribe; and all the might of Nato can do nothing whatever to hinder them. It is a homely and obvious demonstration of the facts; but it has served to bring home what Dr Adenauer has never been prepared publicly to admit, that his achievements, too, have been bought at a price.

NOBODY feels certain just what change this discovery has brought in the election outlook. Dr Adenauer may still get his absolute majority; in that case, the opening phase of the fourth Bundestag, until the succession becomes an active question again, will be plain sailing. The campaign managers are, however, aware of a change in the climate of public feeling. The Social Democrats have adapted the mood of their campaign quickly to the change; their voters, who were being invited to join the SPD in a bright, jolly future, are now being urged to measure up to a national crisis. "Security tomorrow, too," a typical CDU slogan hammering on the theme of a safe and well-ordered future, became a cracked keynote under the emotional shock of the events in Berlin, with nuclear explosions in full swing again, and with General de

Gaulle soberly observing that it is better to use force than to give ground. A new theme was needed. It has been found in the figure of an imperturbable Adenauer standing up to the threats of a bullying Khrushchev; the German nation is urged to rally round its leader.

Here is the new, unknown factor. Its weight should not be exaggerated. Dr Adenauer is not going to lose the lead; all that seems to be in doubt is whether he will now retain his absolute majority. Mr Kitzinger, in the study already quoted, dissented from the widely-held view that the gains of the two big parties in 1957 represented a trend towards a two-party system in German politics. There was no reason, he said, to suppose that if the CDU were displaced, it would be by a government of the SPD alone.

Until it is disproved, this must remain the most convincing judgment; a purely Social Democrat government in west Germany does not appear on the cards. Further, if Dr Adenauer did lose any substantial amount of ground, so that he became absolutely dependent on allies in a coalition, it is the Free Democrats who would be likely to hold the balance. This is a privilege they have long dreamed of; but, in stating their case to the voters, they have virtually committed themselves not to form a coalition with the Social Democrats. Under Herr Mende's leadership the Free Democrats have declared themselves willing, indeed eager, to form a coalition with Dr Adenauer's party. They have, however, expressed a decided preference, in that case, for a new chancellor, who might, Herr Mende says, be Professor Erhard or Dr Gerstenmaier; they would prefer Dr Adenauer to go.

Others, including two of Herr Mende's own predecessors, have had the same idea before. It would be a rash Free Democrat leader who assumed that the mere possession of a slender arithmetical balancing factor in the Bundestag would deliver Dr Adenauer into his hands, or insure him against having the tables turned on him as they were turned on Dr Dehler in 1956. All in all, the odds stay on Dr Adenauer keeping power at Bonn for the present. But it is this that seems to be the matter at issue: not the transfer of power from government to opposition, but whether Dr Adenauer's personal rule is to be brought to an end and a phase of active party politics is to open.

Painful Pompey

Our special correspondent reports from the Trades Union Congress



NOTHING could prevent a feeling of anti-climax at Portsmouth this week after the Trades Union Congress's thumping vote for expulsion of its erring electricians. Despite Mr Foulkes's plea to the delegates that "all our enemies and some of yours" were trying falsely to inflate the importance of this issue, nine out of ten of them took the only honourable course and voted for expulsion. Most

of the 735,000 votes that were cast in favour of retaining the Electrical Trades Union within the organisation came predictably from unions on the far left, with the balance made up by a few small organisations whose effectiveness in negotiations is almost entirely created by their alliance with the electricians.

Two comments seem called for at this stage. First, Mr

Woodcock's painful indictment of the whole course of ETU tactics in its dealings with the TUC General Council over the past few years fell as heavily on the General Council itself as anywhere else. Mr Woodcock's chorus was the ugly, apt word "fraud," but he made it quite clear that he did not regard it as his council's job to go round looking for little peccadilloes by union leaders and dealing with them. The TUC, he said, needed a "hell of a warrant" to interfere; his insistence on his regret that he was forced on this occasion to act did not suggest that he is striving hard to get the union movement's constitution rewritten to give the General Council and the TUC more power.

Mr Woodcock is to meet the Minister of Labour next week to discuss the latter's question whether some reform of trade union legislation may not be desirable. There is now an overwhelming case for saying that it is desirable, and that the Government should force it through Parliament next session. When the TUC does not intervene to rectify a fraud committed by a union against any of its members—whether that member be an election candidate or an ordinary rank and file worker who has been subjected to some local persecution that is quite contrary to any rule-book—the Registrar of Friendly Societies should have the right and duty to intervene. The Registrar's weapon should be that any union which does not obey his order to put the matter right should no longer be entitled to the special legal privileges (e.g., freedom from actions for damages when acting in restraint of trade) incorporated in the various present Trade Union Acts.

THIS is the more important because it is still difficult to see that last Monday's action by the TUC against the ETU is going to have any teeth. The second overwhelming impression that emerged at Portsmouth was that most delegates, having sacked the ballot-riggers of the ETU, seemed to feel that it was time to be pals with them again. The delegates regarded it as a sad spectacle when Mr Foulkes and his followers filed up the aisle of the Guildhall to hand in their credentials outside the door. Your correspondent found it even sadder to see the victorious Mr Byrne wandering off alone and unrecognised into the crowd, while press and television thronged around to hear the reactions of Mr Foulkes. But the general reaction of his fellow trade unionists to Mr Foulkes seemed equally to be one of rallying round. There seemed to be no question of challenging the ETU's vital position within the confederation of shipbuilding and engineering employees, and it is hard to see what can be done by the employers' sides of the various joint negotiating bodies on which Mr Foulkes sits with leaders of other unions (he is chairman of the negotiating body for electricity supply).

The hope of those trade union leaders who do see the need for following up the symbolic decision of Congress with some positive action is no doubt that the forthcoming elections for the ETU executive will produce a majority of non-communists. If they do not, and the communists themselves are still in charge of most of the election arrangements, nobody at Portsmouth seemed to want to speculate about what might happen then.

There were, however, signs at Portsmouth that in some other matters the Congress was falling back rigidly into old alignments of right against left. One sign of this was the

manœuvring off the General Council of its only communist member, Mr Will Paynter, of the mineworkers. This was done by the traditional device of choosing a delegate from an obscure colliery union to occupy one of the three seats reserved for the miners on the Council, and getting most of the big unions to vote for him. This rather shabby procedure provides the communists with a vaguely substantial "*tu quoque*" in reply to accusations that they fiddle ballots. It seems all the more unfortunate since Mr Paynter has shown himself to be an efficient general secretary of his well-run union, and one who can resist the actions of unofficial strikers without being called a capitalist stooge.

The far left also found itself lined up on its own side of the barriers when the Congress voted on Europe. A motion which would have committed the unions to oppose the start of negotiations was soundly defeated by a show of hands. The Congress equally massively supported the General Council's report, which came down with canny firmness in support of the Government's initiative. But the debate was a much more finely nuanced affair. Sir Alan Birch, for the General Council, opened with a masterly (if slightly school-masterly) exposition of the case for negotiating, only slightly marred by a break-down of the microphone and a confession that "we are in the hands of the electricians." He was opposed partly by the extreme left and partly by what an angry delegate described as the "egg-head craft unions"—the draughtsmen, two printing unions, and the actors. As one variant of the usual left-right division, however, Sir Alan was supported (sort of) by Mr Frank Cousins, in a speech of characteristic mandarin obscurity. Mr Cousins, once an ardent European, has climbed stoutly on to the fence, with the intention of eventually getting off it on to which ever side Mr Gaitskell does not. The feeling of this debate was, however, not one of enthusiasm for the common market—except on the part of Mr Edwards of the chemical workers, who had found encouragement dear to a trade unionist's heart in the social provisions of the Coal and Steel Community, and preached the message with true Welsh hwyl. Some continental observers were saddened by the apparent indifference, even ignorance, of the Congress, but they could reflect that here, at least, the TUC seemed to be speaking with the true (and pretty muddled) voice of Britain.

ON Wednesday morning the Congress found a more characteristic and more sectarian voice in its debate on the economic situation. The discussion had two distinct strands—the popular and unanimous denunciation of the Chancellor's wage pause, and the more awkward theme of planning the nation's economy. The wish for a "planned progressive policy" is ritually formulated by each year's TUC. The difference this year was that the Government actually looks like taking the unions at their word and asking for their collaboration on a planning board.

Mr Harry Douglass, opening the debate for the General Council, said that the aim should not be to say to the Government "I told you so," but to ask it to abandon its traditional Conservative objections to planning. As the steelworkers' leader, he has watched the progress achieved by planned expansion in the Coal and Steel Community, and at times he appeared to be arguing more for British entry into the

common market than for national planning. But he, and Mr Woodcock in his summing up of the debate, came down clearly in favour of collaborating—on terms—with the Chancellor. The progress of the debate was, in fact, a fine example of the General Council's technique of combining various subjects in order to secure a satisfactory majority (in this case a unanimous vote), and thus leave its hands free.

The theme of planning ran thin indeed through the speeches from the floor, which were largely from delegates of civil service unions and mostly concentrated on bitter denunciations of Mr Lloyd. Mr Carron of the engineers, Mr Greene of the railwaymen and Mr Cousins of the transport workers kept largely to this theme—with the interesting gloss from Mr Cousins that he would interpret a vote of the Congress as an assurance that other unions would not leave him out on a limb as they did during the London bus strike of 1958. In view of the real possibility that the first strike against the wages pause may be a strike of Mr Cousins's lorry drivers (see below), this could be an intriguing portent of battles to come. But one other battle, at least, is over. With the exception of a racist swipe against the training of German troops in Britain, the voting on all Thursday's foreign policy and defence motions was exactly what Mr Gaitskell must have wanted. Mr Cousins's own unilateralist motion was defeated by a massive majority.

NOTES OF THE WEEK

LORRY DRIVERS

The First Strike?

THERE is a strong possibility that the first serious strike in opposition to Mr Lloyd's wage pause may come among the 240,000 lorry drivers and other road haulage workers, most of them organised in Mr Frank Cousins's Transport and General Workers' Union, who are employed by Britain's 30,000-odd private enterprise road haulage concerns. Because so many of these men work for such very small firms, their minimum wages are determined by one of Britain's 60 official Wages Councils. In effect, this usually means that they are decided by the councils' independent member or members. Usually the Minister of Labour automatically approves such awards and makes them obligatory for the whole industry. But since July 25th Mr Hare has refused to confirm two other wages councils' awards.

As it would happen, the chairman and chief independent member of the Road Haulage Wages Council is the almost ubiquitous Mr Guillebaud. On July 16th his council made a provisional recommendation—which it will have to reconsider, and then probably submit to the Minister, on September 21st—for a two-hour cut (to 42 hours) in the lorry drivers' basic working week and a 3 per cent increase in their wages. The usual figures are already being bandied about to suggest that this is a very small increase to very lowly paid workers: it will be said that under it the Grade 1

lorry drivers' wage would be raised only from £9 5s. 6d. a week to £9 11s. These figures are misleading. The "working week" in this industry is necessarily calculated on scheduled time away from the garages, including the considerable number of hours spent in transport cafés. Last April the drivers' average working week, on this basis, was 56 hours, which meant that overtime must have brought such a Grade 1 lorry driver's average scale earnings even outside London to at least £12 15s. a week. The new proposals would increase their average earnings by a full 25s. a week (indeed, by considerably more when Sunday working is involved). They would cost the firms immediately concerned about £15 million a year. And the wages of many of the drivers of Britain's one million "C" licence vehicles (and of the lorries owned by the nationalised British Road Services) would be likely to go up in sympathy.

It is therefore virtually certain that the Minister will have to turn this proposal down, if it is submitted to him. The strike that might then break out would have several intriguing features. First, not all of the 240,000 workers are members of a union, and some of those that are might not obey Mr Cousins's call. Secondly, however, some of the scattered employers themselves might not put up a united front of resistance. Thirdly, there might be interesting psychological and political and national effects if the first strike against the wages pause is associated with two such familiar names as Mr Cousins and Mr Guillebaud.

It is difficult to sum up the implications of this Congress in any consistent form. Despite all the militancy of the wages debate, the approach of the platform to the theme of planning was sufficiently positive for the Chancellor to take it more as an offer of help than as a threat of boycott—although it is unlikely that those who voted had any idea that their action could be interpreted in this way.

But the great disappointment of the Congress is that the General Council continues to turn a blind eye to all major problems that it does not like. Its assumption that the expulsion of the ETU solves all problems of control of fraud in the unions was one sign of this, its belief that planning can proceed sensibly without limiting wage increases is another; yet another was the absence of any indication that the General Council is doing any new thinking about unofficial strikes. The General Council's report contained a few flabby paragraphs on unofficial strikes, mostly devoted to summing up (and indeed slightly watering down) the conclusions already reached in last year's report. These were adopted by the Congress without a word of comment either from the platform or from the floor. It will be hard to have much confidence in the value of the TUC as an active partner in the Chancellor's planning machinery, as long as it continues to turn its blind eye so deliberately on all the most difficult planning subjects within its own immediate sphere of interest.

TEACHERS

Poor Arithmetic

THE extraordinary thing about this week's discussions on teachers' pay is that the Minister seems, in effect, to have offered the teachers more than they would get under the Burnham committee's recommendation; but that the National Union of Teachers is now so embroiled in union politics that it refused to accept it. The arithmetic of this contention is simple, although apparently almost completely neglected. The Burnham agreement, which the NUT eventually said it would accept, aimed at a £47½ million a year increase from January 1st next until March 31st, 1964. Over the 2½ years of the agreement the teachers would therefore get 2½ multiplied by £47½ million, which equals approximately £107 million.

The Minister has now offered a £42 million a year increase from next January, but without a terminal date. But it is an open secret that he was really indicating that English teachers should be able to get a new agreement from March 31st, 1963, when the Scottish pay agreement runs out. In the first 1½ years of any such award, English teachers would therefore get 1½ multiplied by £42 million, which equals some £52½ million. In the next year they would get £42 million (bringing their total in the period to £94½ million) plus the additional increase negotiated for March, 1963, to March, 1964; if this last addition were more than £12½ million (which would be

approximately a 3 per cent rise), the teachers would thus get more throughout the whole period than the £107 million under Burnham. The Government's intention is that by March, 1963, it should be operating a planned wage policy, whereby wages would rise in line with national productivity—it hopes at about an average of 3 per cent a year. But any new teachers' agreement reached in March, 1963, would presumably be for a two or three year term, so—in order to cover the whole rise in productivity expected over this period—the teachers could clearly expect more than 3 per cent.

Because the NUT has refused to see this, the Minister will now introduce legislation to implement his scheme off his own bat. If Sir David Eccles were wise he would divide his immediate £42 million a year in such a way that graduate and experienced teachers would gain more even immediately than they would under Burnham—i.e., he would increase differentials above the Burnham figure by more than he cuts the Burnham recommendation for the basic scale. Unfortunately, however, he seems to have decided merely to accept the Burnham recommendations about differentials, and to pile these on top of a basic scale that will run from £570 a year to £1,170, instead of the £600 to £1,200 that Burnham wanted. The sorts of figures he is probably going to impose were portended in a parliamentary answer on August 4th; they would give the head of a grammar school with 600 pupils £2,580 a year, against £2,260 now.

The NUT has said that it will send lobbyists to Westminster against this legislation, but it seems unlikely that it can now successfully call strikes—at least once the implications of the absence of a terminal date have sunk into its members' heads. The National Association of Schoolmasters may go ahead with its threatened strikes, but it is now in a rather curious position; its main complaint hitherto has been that it is not represented on the Burnham machinery, which the Minister himself has now effectively devalued.

BRAZIL

Noble in Compromise

ALTHOUGH it is possibly more perilous to cross a street in Rio de Janeiro than anywhere in the world, the Brazilians are essentially peaceable, with qualities of sanity and tact that usually enable them to circumvent bloodshed. So it has been this time: the compromise of substituting a parliamentary for a presidential system, accepted by Vice President Goulart and by the leaders of the armed services, and the reluctance of Brazilian soldiers to fight one another, have averted what might in a country of more unswerving principle have been civil war. Sr João Goulart (who, in the irreverent Brazilian manner, is always called by his nickname "Jango") was greeted with full military honours and brave good humour when he flew into Brasilia on Tuesday. His flight had been delayed for

a day by a pocket revolt among some air force officers who, taking longer than their fellows to accept the military turnabout, were apparently planning to kidnap the vice-president on his way from the south. Brigadier Grum Moss, the air force commander, has since resigned, and Sr Goulart's safe arrival takes the crisis off the boil.

A cooler, and longer, contest now starts. As this issue of *The Economist* went to press, Sr Goulart and his political leaders were still trying to affect new compromises in the choice of a prime minister and cabinet. The most capable of the candidates for prime minister, and the one, it is thought, whom Sr Goulart backs, is Sr Carvalho Pinto, who took over the governorship of São Paulo from Sr Jânio Quadros and was tipped to succeed him as president. If anybody can salvage the reforms that Sr Quadros started, it is probably Carvalho Pinto. But the mediators in Brasilia may decide that the first prime minister under the new system should be a politician who is adept at pleasing all, rather than an administrator who has shown himself handy with an axe.



Untested Jango

Moreover, if Sr Quadros, elected with the largest majority in Brazil's history and blessed with more executive power, on paper, than the President of the United States, felt himself unbearably frustrated after seven months, the outlook for a bold programme of social reform is dim indeed. Sr Goulart is regarded in advance with deep suspicion by the very people whose interests might suffer. Certainly he does not intend to be a mere figurehead, but under the new constitution he will have to work through an executive that is bound to be divided and will probably be sluggishly inclined to leave bad alone. But Sr Goulart's qualities as a national leader, rather than a special kind of labour boss, are untested; other vice-presidents, when unexpectedly elevated, have sprung surprises.

AFGHANISTAN

Unnecessary Break

AFGHANISTAN's decision to break off diplomatic relations with Pakistan must be regarded as a belated backwash of the border fighting between the two countries in May. A break at that time, in the heat and drama of the moment, would have been more understandable than now. The present dispute between the two neighbours is relatively mild. The Pakistanis closed two of their consulates in Afghanistan last month, after complaining that their staffs were being harassed, and asked for Afghan consulates in Pakistan to be closed down as well. The Afghans, on their side, complained that their consular staffs were being

shadowed and harried, and have now made the diplomatic break.

These developments are merely symptoms of a long-standing strain arising out of Afghanistan's recurring claim for a state of "Pashtunistan," to be carved largely out of Pakistani territory. The advantage of "Pashtunistan," if it ever happened, would be that it would give land-locked Afghanistan an outlet to the sea. It has, however, been a lost cause ever since it became clear that Pakistan was likely to endure as a nation state. The underlying tension has acquired cold-war overtones through Pakistan's alliance with the United States; Afghanistan, which styles itself neutralist, is a theatre of competitive assistance from Russia and America. It is to be hoped that the present break will not last as long as the previous one, in 1955, which went on for two years and caused Afghanistan serious trade difficulties.

LABOUR CONFERENCE

Blackpool Unlit?

LABOUR's diamond jubilee conference from October 2nd to 6th at proletarian Blackpool—where appropriately the lights shine more brightly than at aristocratic Scarborough—is likely to be a comparatively sober affair. The Empress Ballroom cannot hope to produce the dramatic highlights of last year's Scarborough Spa, which is a sad thing for the journalists but a good one for the party and the country.

The final agenda for the conference, published last weekend, again has over one hundred resolutions on foreign policy and defence; but, since Mr Gaitskell and the platform have an assured majority against unilateralism, heat and controversy are likely to centre on the Berlin crisis. No doubt some wild anti-Nato things will be said from the floor, but Mr Gaitskell should have no real reason to be ruffled. The extreme left has lost most of its points of foreign policy pressure at once now that the unions have turned Gaitskellite, Mr Khrushchev has dismayed the nuclear disarmers, and even Pembroke has welcomed the Panzers (although, as the TUC showed this week, German troop training is one subject where the conference may vote cussedly; just conceivably, Polaris bases could be another). Oddly, one other minor flashpoint in foreign affairs for Mr Gaitskell may be the one point on which he thought he had played safe: his lack of policy on the common market will be attacked from both sides.

On home affairs, Mr Gaitskell can regard the agenda with equanimity. Most of the time will be taken up with attacking the Chancellor, the "inhuman" Mr Powell and land speculators. Nationalisation shopping lists are fewer this year—only 12 motions demand them—and there are even three mildly revisionist unofficial resolutions about the concept of public ownership. Abolition of the House of Lords is back in favour, with nine motions in support. A nasty straw in the wind is provided by two resolutions calling for restrictions on immigration.

In the elections for the constituency section of the national executive, some hopes have been expressed that Mr Mikardo might lose his place to Mr Healey, Mr Mellish or Mr Mayhew; but this would require a large turnover of votes from last year, and be a major Gaitskellite triumph. In the women's section of the executive the Gaitskellite Miss Herbison may well come back to displace the moderately leftish Mrs Jeger. The conference is also to be told that the central funds of the Labour party are badly in the red, and the constituencies are to be asked to transfer more money to Transport House but without raising individual membership fees. This looks like a pretty fiddling and ineffective expedient by a party headquarters that urgently needs business-like reform.

LIBERAL CONFERENCE

Edinburgh Unrocked?

THE final agenda for the Liberal party conference, at Edinburgh from September 20th to 23rd, has also been published this week. This agenda is tightly controlled by a central agenda committee, sometimes with greater efficiency than tact. For example, it seems a little too much to list the executive nominees for vice-presidents straightforwardly, and then to prefix Birkenhead's nomination of Mr Graham White (one of the old guard) with the supercilious "The following nomination has also been received." The committee has obviously been at great pains to avoid the label "wishy-washy" becoming attached to its resolutions, but has fallen into the opposite error of making them far too detailed. Thirty-eight lines on the common market is perhaps excusable in present circumstances, but 48 on a five-year plan for industry and 52 on education are far too many, and only muffle the resolutions' effect.

This said, the final agenda promises an interesting conference. First place is given to a call for tax reform, in a motion which includes all the usual ragbag of Liberal ideas; an interesting amendment from the floor demands a graduated turnover tax with incentives for exports. More revolutionary is the resolution recommending a five-year economic plan aimed at achieving a rate of growth of 5 per cent per year; here an outraged delegate from Mitcham has tabled the deletion of the obnoxious word "plan" and substituted the anodyne "social objectives." Some controversy is likely over the motion on British agriculture and the common market, which may not dispose of the old struggle between cheap food and agricultural support as decorously as had been hoped. An interesting sign of Liberal revolt is that an amendment from Miss Manuela Sykes, the fire-breathing candidate for Ipswich, demands guarantees for Commonwealth and other producers before Britain enters the market. Mr Moore, another flashing Liberal light, has also tabled an amendment to say that the

NOTES OF THE WEEK

common market should be developed into a wider free trade area. The usual Liberal demand for a Scottish parliament is given greater prominence this year, as a courtly party gesture towards their hosts.

The jamboree will end on Saturday on the somewhat anti-climactic subject of local government finance. That morning Mr Jo Grimond will give "A Call to Action." It might have been more imaginative to have allowed the delegates to disperse to his clarification, rather than let them drift away into the local twilight.

CONGO

Katanga and After

ONE of the marginal attractions of the Belgrade conference this week was the late arrival of the premier and deputy premier of the Congo, after travelling from Leopoldville in apparent harmony in the same aircraft. Mr Gizenga had gone to Leopoldville to make the journey, and since he was able to show himself there without being arrested, as he had apparently feared, it may now be hoped that he will take up his post of deputy premier in Mr Adoula's new central government.

To that extent, Congolese unity now seems nearer than at any time since the army mutiny brought chaos shortly after independence. But Katanga remains the outsider, and it is still by no means certain that the United Nations takeover of the Congo's richest province has hastened the



At Belgrade: Tito, Adoula, Gizenga

day of its peaceful integration into the Congolese republic. True, Dr Conor O'Brien, who heads the UN mission in Elizabethville, has carried out a text-book *coup d'état* in the province, seizing strategic points and arresting Mr Tshombe's European officers. But there is a significant difference between the usual *coup d'état* and one carried out, as this one was, by Swedish and Indian troops far from their own countries on behalf of a world organisation. A Qasim or a Nasser, if successful, is there to stay; Dr O'Brien and the UN, in any long-term sense, are not. Now that Dr O'Brien has denounced Mr Tshombe's minister of the interior for alleged atrocities and severed relations with the provincial government, the mission he heads is under a strong obligation to find a Katangan premier who will not be overthrown the minute the UN's backs are turned.

Much, on the other hand, will depend on

THE ECONOMIST SEPTEMBER 9, 1961

what Mr Adoula and Mr Gizenga do after they are back. The legality of the Adoula government is beyond doubt. But it rests, as do all the UN resolutions on the Congo, on the basis of the Belgian-drafted constitution for a unitary state, whereas a federation would accord better with Congolese realities. If Katanga is ever to pull its weight in the Congo, the central government will probably have to move in a federal direction.

KUWAIT

Grasping the Nettle

WHILST awaiting its Arab League bodyguard, Kuwait is making its own efforts to be less politically vulnerable. Its 67-year-old ruler has declared for a constitution—and in no mealy-mouthed way. By a decree of August 26th he has promised this constitution "on democratic foundations," and elections on November 1st for a constituent assembly. Meanwhile a committee has been formed to join with the supreme council (the present governing body composed wholly of the ruler's relations) to draw up an electoral law.

These are large ideas to fit into a small canvas. Of Kuwait's 320,000 people only 120,000 are Kuwaitis (and 46,000 of these are children). The large foreign population can probably not claim to vote. Nor is it easy to know what political stuff the average Kuwaiti is made of. The sheikhs' monopoly of government has hitherto been possible only because bright young Kuwaitis are so rapidly absorbed into joyful money-making that they have not had the incentive to push opposition far. There is, all the same, a cleavage between the stately pre-oil age men and the live-wire beneficiaries of the ruler's liberal educational policies. All boys who pass their secondary school examinations are enabled to go on to further free education in Cairo, Damascus, Beirut, Britain or the United States. They return as cosmopolitans, charmed still, of course, to be Kuwaitis, but a little pained by things in their country that seem to be out of date. No doubt when candidates are chosen for election grey hairs will still be preferred to bachelors' degrees. Nevertheless Kuwait does seem to be cautiously approaching some form of more widely based government. It may thus set a local example. Bahrainis are watching with lively interest.

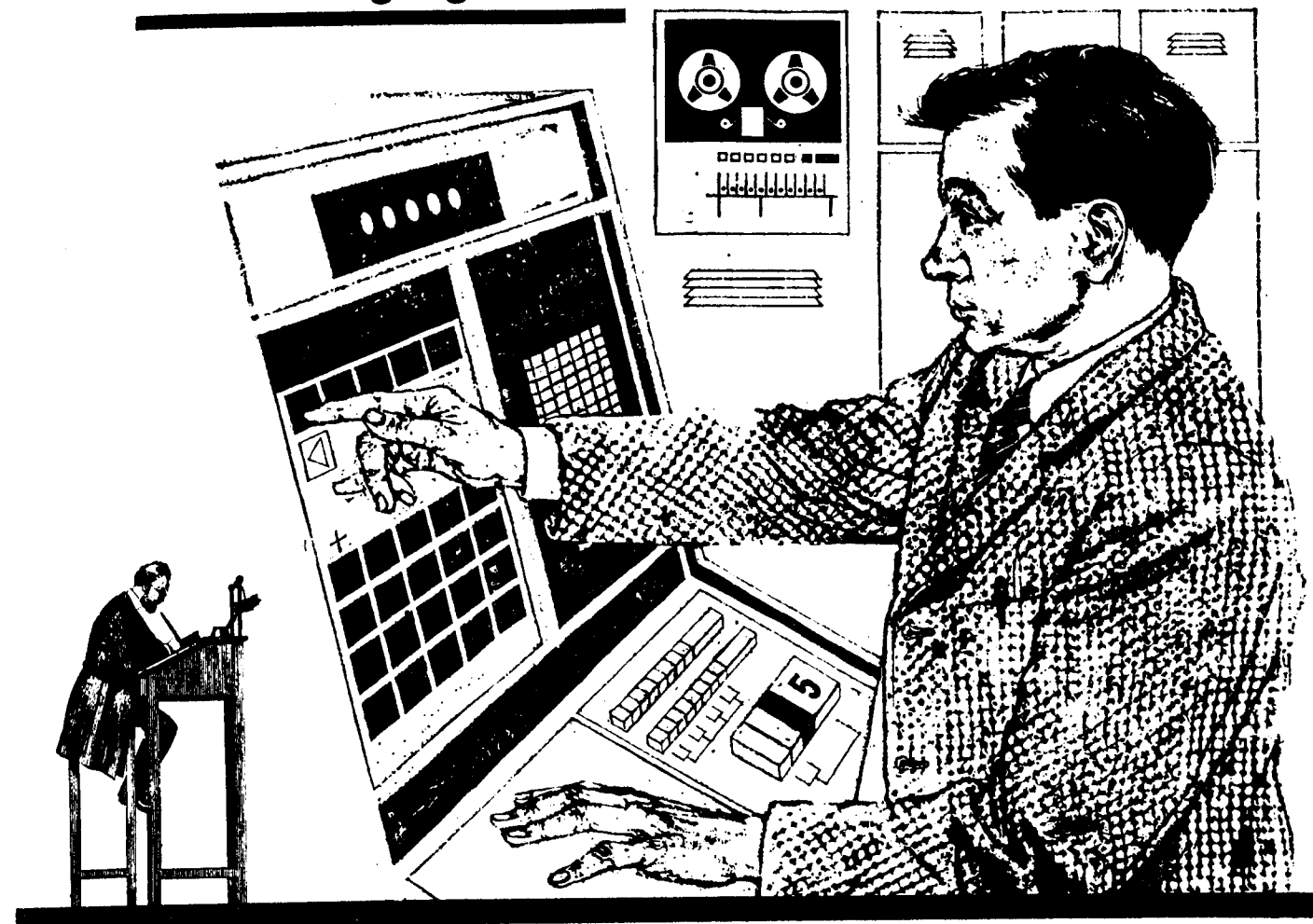
IRAQ

Teach Yourself Oil

CONFRONTED by General Qasim's belief that oil questions are simple, the Iraq Petroleum Company has interrupted the resumed talks in Baghdad in order to build up a detailed case for presentation to the Iraqis on how not to do-it-yourself in the integrated oil industry. The heavyweight team representing IPC and its shareholder companies, led by Mr Harold Fisher of Standard Oil of New Jersey, formally conceded a number of the points that had been unwisely allowed to bring negotiations to an

THE ECONOMIST SEPTEMBER 9, 1961

in a changing world



If ten Dickensian clerks with ten pens worked ten hours a day for ten years, how many sums would they have done? Fewer, no doubt, than one modern electronic computer can do in ten hours.

In commerce, in industry, in research and in defence, the computer is performing prodigious tasks today—saving time, saving money, saving valuable manpower.

And Mullard's contribution to this revolutionary development? Principally in the shape of memory cores and assemblies, transistors, valves and other specialized devices, but also to some extent in know-how.

Mullard research and applications laboratories play an important part in satisfying the urgent and critical needs of the designers of modern electronic equipment. Could they also be of service to you? If you would like to find out, please write to us at the address below.

Mullard products used in computers

include:

FERRITE CORES • MATRIX ASSEMBLIES
COMPLETE STORAGE SYSTEMS
HIGH SPEED LOGIC AND CORE
DRIVING TRANSISTORS
SEMICONDUCTOR DIODES
SPECIAL VALVES • THYRATONS
COLD CATHODE TRIGGER AND
COUNTING TUBES

Mullard ELECTRONICSin partnership with progress

ELECTRONIC VALVES AND TUBES
MAGNETIC COMPONENTS
TRANSISTORS AND OTHER SEMICONDUCTOR DEVICES

Write to the address below, on your Company notepaper, for a copy of the illustrated book "Something About Us".



MULLARD LIMITED MULLARD HOUSE • TORRINGTON PLACE • LONDON W.C.1

abrupt halt last April and had been accepted since. In particular the company had agreed to relinquish three-quarters of its unexploited concessions straight away, and another 15 per cent later on—immediately translated by General Qasim as the relinquishing of 90 per cent. But after four meetings, the clash over General Qasim's request for a fifth share in the capital of the operating company has sent the team home—not for consultation, but in order to have three weeks to get out the documents and statistics which, it is hoped, may impress the Iraqis with the difficulties and complications of buying their way into a 40-year-old complex operation owned by a consortium of major oil companies.

General Qasim agreed in a friendly way to the interruption, but the threat in his comment, published in *Ath-Thawrah* on Monday, that further procrastination might lead to "appropriate legislation" shows that he is not in the mood for what he may consider obfuscation, even if this is in the form of a helpful lesson about oil economics. The oil companies believe that they are on strong ground, legal and economic, in refuting the Iraqi claim for participation; and they are not persuaded that the claim has any moral or other basis. Nor are they prepared, at this stage, to allow that it would be expedient either for themselves, as a form of insurance, or for Iraq as a way of getting more cash. It would mean, they argue, that the group would have less money to reinvest in Iraqi oil development and that the shareholding companies might be tempted to turn to more profitable fields elsewhere.

General Qasim urgently needs money to keep his defence forces going. He also, particularly after the ham-handed business of his claim to Kuwait, plainly feels the need for a resounding diplomatic victory. His demand for participation was given body by the Kuwaiti government's 20 per cent share in its new deal for developing offshore oil with Shell; the Iraqis are naturally less convinced than the oil companies that their circumstances are altogether different. The fact that the two cases are in fact utterly dissimilar will not count for much in Baghdad's argument. Possibly an escape from the wearisome prospect of attrition might be found in some new deal involving a joint venture of some kind, perhaps in the territories that are to be relinquished by IPC. But, at the moment, it looks as if the govern-

NOTES OF THE WEEK

ment and the companies, with what should be overwhelming interests in common, will meet again later this month without reaching any meeting of minds. The oil companies are anxious not to dig in, but miserably uncertain about the possibilities of negotiation.

WEST MIDLANDS

Help for Birmingham

MR BROOKE has proposed some new measures, including large development schemes at Worcester, Redditch, and Daventry, to cope with the urgent housing problems of Birmingham. At present Birmingham is clearing about 1,000 slums a year, but 3,000 or more dwellings each year become obsolescent. The rate of clearance of people out of the city needs to be speeded up, but sufficient sites have not been found to rehouse them even at the present rate. Two years ago Birmingham tried to start a large satellite estate at Wythall, but was beaten back by the claims of the green belt. Now it is to be allowed a much smaller Wythall scheme (600 acres instead of the original 2,400), presumably to give it a breathing space while the schemes for longer-distance dispersal mature.

The minister's new plan is certainly an improvement upon the negative tactics which went before it, but it cannot be called the best possible one. The town development schemes will depend upon effective co-operation between the local authorities, but the sites seem to have been picked almost exclusively with this point in mind. Worcester is keen to expand in order to retain its status as a county borough, which is threatened because it now has too few people; since the site is a good one the motive need not matter. Redditch also seems to be keen; but it cannot be logical, after rejecting Wythall because development there would impinge on the green belt, to develop a town of 50,000 people only a few miles further out.

The basic fact is that Birmingham has two separate problems which often get confused. There is, first, the general upsurge of employment and population in the West Midland conurbation, which can best be relieved by a new town (such as the possible one at Dawley which is now being investigated) and by the expansion of such places as Worcester. These schemes ought to include a lot of private enterprise housing and should not need heavy subsidies. There is, second, the special problem of rehousing slum dwellers, most of whom are closely tied to jobs in Birmingham. It would be senseless to send these people to Redditch rather than Wythall. In short, Mr Brooke is now on the right lines, but he has let local politics sway his priorities. There is everything to be said for development at Dawley (which the Minister did not mention) and Worcester; nothing to be said for Redditch; and something larger, at Wythall or elsewhere, is needed to cope with Birmingham's immediate housing needs.

THE ECONOMIST SEPTEMBER 9, 1961 NORTH AFRICA

A Stitch Too Late

GENERAL DE GAULLE'S revision of his attitude to the Algerian claims to the Sahara might conveniently have come a little earlier. In his press conference on Tuesday, he stated firmly that France had no interest in the Sahara except that of "free exploitation of the oil and gas which we have discovered or will discover," that no Algerian government could be expected to relinquish its country's claims on the area, and that the Sahara's few inhabitants ("the Sahara, you see, is a desert") would probably choose to join an independent Algeria. All this is realistic; it would have been just as realistic if it had been said in July, in time to prevent the breakdown of the Franco-Algerian peace talks and possibly the replacement of the Ferhat Abbas government by a new team of uncompromising militants.

Other elements in General de Gaulle's address were even less encouraging. His remarks about renewed talks with the FLN, and the stress he laid on such ideas as a regrouping of the Algerian population (the partition of Algeria, in fact), suggest that he has despaired of agreement with the nationalists and is preparing to jettison Moslem Algeria as he cast off Guinea. Even if talks do begin again, they are likely to come to grief over the topic of French military bases, particularly that at Mers-el-Kebir. General de Gaulle did not mention it, but he is even less prepared to give Mers-el-Kebir up to the nationalists than he is to surrender Bizerta to the Tunisians; and the rebels (to judge by a forthright speech by Mr ben Khedda at the neutrals' conference in Belgrade on Monday) are in no mood to allow the French any sort of military enclave in Algeria after independence.

As to Bizerta, General de Gaulle was totally unforthcoming. He repeated his somewhat unconvincing assertions that the base was necessary to western defence and necessarily a French responsibility; and he showed plainly that he has no idea of the harm he did to France's reputation by the bloody retaliation in July and the French boycott of the General Assembly debate in August.

NEUTRALS

All Africans Together

NOT a dish of herbs but a breakfast of beans and honey gave the flavour to a tête-à-tête between President Nasser and Bourguiba in Belgrade on September 1st. This, their first meeting after three years' estrangement, was marked by its simple friendliness, according to the Tunisian weekly *Afrique Action*. Both wanted by-gones to be by-gones and to work together in future, each promising to write personally to the other should anything seem amiss.

THE ECONOMIST SEPTEMBER 9, 1961

The "non-block" conference in Belgrade has afforded some fine opportunities for heads of state to sort out their affairs. This reconciliation between Cairo and Tunis has only just made a beginning. Between breakfast cup and lip there could still be a slip. The acceptance by President Nasser of an invitation to Tunisia does, however, fill the emotional vacuum the Tunisians have felt since France, as they see it, betrayed them at Bizerta. This is African turning to African as much as Arab to Arab. As Europe ferments its own crises, Africa turns in on itself.

President Sekou Touré's absence from Belgrade does not point to any rift in the lute of the "Casablanca" group of African nations. It appears that he was detained at home by the threat of a crisis over the closing of the Christian missions in Guinea—the result of their director's refusal to allow Christian schools to be integrated into the state school system. Banished and in exile in Dakar, the director, Mgr Melleville, was suspected of trying to get France and Portugal to intervene on his behalf; hence President Touré's desire to stay at home.

ITALY

A Crisis Postponed

SIGNOR FANFANI'S summer holiday has so far been distinctly unquiet. Not only has he been involved by Mr Khrushchev in the east-west debate—he received a second message from Moscow a week ago—but he has also had on his mind a polite but possibly sinister threat to the stability of his own government.

The threat came from Signor Saragat, whose Social Democrat party helps to give the Christian Democrat government an adequate parliamentary majority. In an article in his party paper on August 22nd, Signor Saragat suggested that the time had come to enlarge the government's majority in a leftward direction; he said that if the Christian Democrats did not accept the support (not the mere negative abstention) of the Nenni Socialists, his own party would "inevitably" go over to the opposition.

In the convolutions of Italian politics, complicated just now by the repercussions of Italy's involvement in the east-west crisis, Signor Saragat's motives cannot be easily perceived. But he appears to have his eye on the presidential elections next spring, and to be anxious to ensure that President Gronchi's successor owes his position to a broadly-based centre-left majority, and is not, like Signor Milazzo (at present the King Charles's head of Signor Saragat's political writing) in Sicily some two years ago, dependent on the support of the Communists and the extreme Right. Signor Nenni, it seems, would be willing to play his allotted role, provided the government "broke with the Right." The difficulty would lie in getting the right-centre of the Christian Democrats to accept the support of Signor Nenni, whom they distrust and whose ideas they deplore.

NOTES OF THE WEEK

Since in July the Socialists abandoned their policy of negatively supporting Signor Fanfani through abstention, Signor Saragat is in more of a key position. Clearly he could cause a serious crisis in the Christian Democrat party. Moreover, the surprising news from Palermo, where the Christian Democrats and the Socialists are about to form a joint regional administration, would seem to strengthen his hand. Signor Saragat seems, however, content to let his crisis ripen slowly. He indicated this week his willingness to wait until the Christian Democrats have decided their attitude to a leftward move at their congress in December. Signor Fanfani's future as prime minister is cloudy; but, then, it usually is.

NORWAY

Campaign without Heat

NORWAY'S general election on Monday promises to be a quiet affair. The Labour party has been in power for 25 years, and nobody expects it to be unseated. In the 1957 election the party obtained 48.3 per cent of the vote. The opposition is splintered into conservatives, liberals, agrarians, and the Christian People's party. These groups have occasionally sought an accommodation of views to unseat Labour, but no firm coalition has resulted yet.

In an affluent welfare society, where there are no illusions about the nation's diminutive power in world politics, passions are not high at election times. Over the years the Labour party has prudently moved to the centre; it is commonly called "the Royal Norwegian Labour party" by friends and foes alike. The government can claim an impressive growth rate for the economy, ranging in recent years between 4 and 6 per cent a year. It is affluence, not

austerity, that provides the Right with the few electoral issues in a quiet campaign. More latitude for private investment, and less taxation, are the chief domestic demands. Liberals and agrarians seek greater freedom from government directed policies in agriculture and fisheries.

The lack of heat about foreign policy points not only to the Norwegians' realistic view of their place in the sun, but also to the degree to which the foreign minister, Mr Halvard Lange, has made Norway's foreign relations his personal domain since he took office in 1946. Some may object to this; none can challenge it.

The opponents of Norway's Nato commitment can find a home for their views in the recently founded Socialist People's party, which embraces pacifism among other things. Its performance is likely to be miniscule. The one communist member of the Storting draws his electoral support from disgruntled forestry workers in the Hedmark region; his happy situation is not repeated elsewhere.

Where the common market has appeared as an electoral issue, commercial interests on the Right have chidden the government for its tip-toe approach and have stressed the need for a much bigger market than Norway now enjoys. But with a white paper almost in the press (carefully designed to appear after the election), the government is clearly anxious not to alienate any floating voters. Agrarians and liberals (18 per cent of the vote in 1957) still maintain doubts about the degree of protection they will or will not receive in the common market. The prime minister, Mr Gerhardsen, recently stated that the idea of a wider market was in line with the ideas of the Labour movement: there is little doubt which way Norway will move when the Storting re-assembles.

The Economist

SEPTEMBER 7, 1861

VAPOUR BATHS

THE TURKISH BATH; with a View to its Introduction into the British Dominions.

By DAVID URQUHART.

MR Urquhart is a fanatic for the bath. He comes down upon the Western nations with as impetuous a charge as ever did the Mussulman of old. If we will not yield an unconditional surrender, he condemns us without reprieve to a state of hopeless uncleanness: there shall not be water enough in the wide world to make us clean. He will have the vapour bath,—the Turkish bath,—or nothing. Without this it is in vain that we seek to wash and be clean. Cold fresh water is useless,—salt water "horrid" and "impure"; sea-bathing a thing to be simply shuddered at; soap little better than a pernicious invention; the old familiar tub of our childhood, so dear to the Japanese—who, at any rate, if he does "dabble in dirty water," fulfils one of Mr Urquhart's desiderata in the sociability of his ablutions—

is consigned to the limbo of the past as a mockery and a snare,—a mere pharasaic pretence at purification. . . . Mr Urquhart pathetically says that in returning from Turkey he felt as if passing from a refined to a rude condition of society. We humbly allow the truth of his accusations. We confess that we have never had a contortion given to the small of the back,—a jerk to our neck by the hands holding the temples,—nor even our heel bitten at the conclusion of the ceremony. . . . We are almost persuaded to shut our eyes to facts, and to believe that Eastern nations are the representatives of the purity of Eden; that they have no skin diseases, no loathsome leprosies. . . . But it becomes a little too much for even our humbled state of mind to have the taunts of a German cast in our teeth; to be told by one whose customary ewer is a cream jug, his basin a slop bowl, his towels pocket handkerchiefs, his soap nil, that the "dull English" are the worst washed of all nations. Mr Urquhart should beware how he tries us too far.

RUBBER TRENDS

Quarterly bulletin for
producers, manufacturers and dealers
September issue. Special reports

ANALYSIS OF NATURAL RUBBER SUPPLIES BY TYPE

THE BUTO RUBBER INDUSTRY

The Economist Intelligence Unit Ltd

5 Bury Street, London, S.W.1
WHI 0353 Ext. 20

POLICE

Not a Happy Lot

LAST week another Detective Chief Superintendent—the third in two years—resigned from Scotland Yard, in order to head the security force of a bank. Some newspapers have therefore complained that the cream of the Big Five is being disastrously skimmed off by offers of money much greater than the police are willing to pay. This is almost certainly a wrong emphasis. In the first place, the so-called Big Five are not noticeably bigger than their 25 or so co-rankers in the Metropolitan Police who happen not to be, as the Big Five are, detectives as well as Chief Superintendents; and there are some 30 superior posts into which even these exalted officers could be promoted—if they stayed on long enough.

Secondly, all of the three distinguished officers concerned had in fact stayed on some time beyond their normal retirement age, the latest of them ten years beyond it. When they joined the Metropolitan Police, the period of service laid down was 25 years (it has since been increased to 30). All three



Scotland Yard: little room at the top

of them served eventually for more than 30 years, partly because they felt too young to retire (at about 50), partly because their pensions are calculated on the last three years of their salary and it was to their financial advantage to stay on—particularly now that increased rates of pay are in force (Chief Superintendents get £2,445 a year). Naturally, an offer from a bank removes the preoccupation with the extra few pounds to be obtained as pension by staying on another two or three years.

On the whole, this turnover at the top is to be welcomed. What is much more disturbing is the continued drain away of young men at the bottom. In the first six months of 1961, despite the recent sharp increase in police pay, another 524 probationer constables and young constables with less than seven years' service resigned from the police forces of England and Wales. It is possible that one of the barriers in London is the feeling that able young men cannot win promotion sufficiently quickly. Since the abandonment of the Police College in

FALL-OUT

Carry on Breathing

THE Russian and now the American decisions to resume nuclear tests seem to present a more immediate threat to the tranquillity of the world than to its physical health—despite the unanimity of Mr Kennedy, Mr Khrushchev and Mr Macmillan in worrying about pollution of the air. The attitude of responsible scientists towards fall-out has modified considerably since tests were suspended three years ago. During this time it has been found that the radioactive debris thrown up by a test explosion comes down through the atmosphere and is washed into the ground all in a matter of months. It does not, apparently, stay in the stratosphere for as long as the decade that scientists had originally predicted. It follows that earlier calculations about the size of the radioactive reservoir in the stratosphere were greatly exaggerated.

While the scientists have discovered that past tests created less fall-out than they feared, medical views about the danger it presents to health have also undergone a change—though no one would claim that the facts here are either so simple or so easy to establish. Radiation in large doses can kill as surely as a bullet in the heart; but doctors have not known the precise medical effect that small doses might have, especially if sustained over long periods. This is precisely the danger posed by fall-out. The trouble is that the small proportion of strontium 90 contained in the debris (other radioactive forms of strontium and other elements can be ignored, with the possible exception of carbon 14) is likely to be absorbed into bones, mainly into children's bones, and remain active there for the greater part of human life. Would these small doses have a cumulative effect? In the long run, could they be as dangerous as the same amount of radiation received in a sudden massive dose? Was there a level of radiation below which any dose could safely be ignored, just as the body apparently ignores the continuous background radiation it receives all its life



from the mildly radioactive planet on which we live?

These questions have taken a long time to answer, since small doses of radiation are exceedingly difficult to measure and their effects even harder to establish. So it was prudent to expect the worst and work on the assumption that any additional radiation would be dangerous, however small the dose. It is still the proper medical view that any increase in radioactivity is objectionable, like any increase in air pollution. But, as research proceeds, there is more evidence to show that the body does shrug off small doses of radiation below a certain "threshold." These conclusions are still tentative, but they have gained sufficiently wide acceptance to be endorsed by the Medical Research Council in its second detailed investigation into radioactive hazards published last Christmas.

Everything depends on how many test explosions are carried out and on the size of the weapons exploded. If tests went on for another century at the pre-1958 rate, then the evidence now available suggests that the difference to the general level of radiation might be no greater than the variations in background radiation that can be observed today in different parts of the country. If the United States and Russia are currently concentrating on the testing of small nuclear weapons for use on the battlefield (and with the American tests under ground) it could be argued—and scientists doubtless have argued—that there is no risk in these tests either to this or any future generation. But if and when Mr Khrushchev tests his blockbusters, it may be necessary to revise these views.

its old form and the consequent necessity for everybody to begin as a constable on the beat, able young men have had to work through eight intermediate grades to reach the position of Assistant or Deputy Commissioner.

When the pyramid of responsibility in any public service is as formalised as this, there may be too much of a tendency for promotion to be by conveyor belt—by age and seniority as much as by ability. There is a feeling that brilliant young men are not likely to be wafted sufficiently often into the Commissioner's chair over the heads of their less gifted superiors.

Correction. The reduction in the duties on imports of coffee, cocoa and bananas into the European Economic Community, referred to on page 782 of *The Economist* of August 26th, has been proposed by the European Commission to the Council of Ministers, but no decision has yet been taken by the Council. A decision is, in fact, unlikely until some time after the ministerial meeting with the associated African states later this year.

THERE'S
A WORLD
OF EXPERIENCE
IN
EVERYTHING
MARCONI'S DO



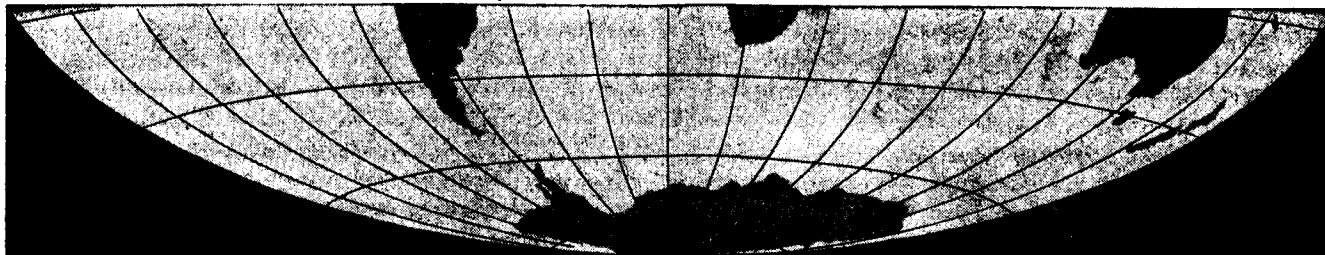
*The Post and Telegraph Authorities of more than 80 countries
rely on Marconi telecommunications equipment*

SURVEYS ★ Marconi's telecommunications survey teams are at work in many parts of the world. Marconi's is the only company maintaining a permanent research group working entirely on wave propagation.

INSTALLATION ★ Marconi's installation teams undertake complete responsibility for system installation, including erection of buildings and civil engineering works as well as the installation of the telecommunications equipment and auxiliary plant.

PLANNING ★ Marconi's vast experience is reflected in the quality of its system planning organisation which is constantly employed on planning major telecommunications systems for many parts of the world.

MAINTENANCE ★ Marconi's provide a complete system maintenance service and undertake the training of operating and maintenance staff, either locally or in England. Marconi's will also establish and manage local training schools for Post and Telegraph Authorities.



MARCONI

COMPLETE COMMUNICATIONS SYSTEMS SURVEYED, PLANNED, INSTALLED, MAINTAINED

COMMUNICATIONS DIVISION, MARCONI'S WIRELESS TELEGRAPH COMPANY LIMITED, CHELMSFORD, ESSEX, ENGLAND

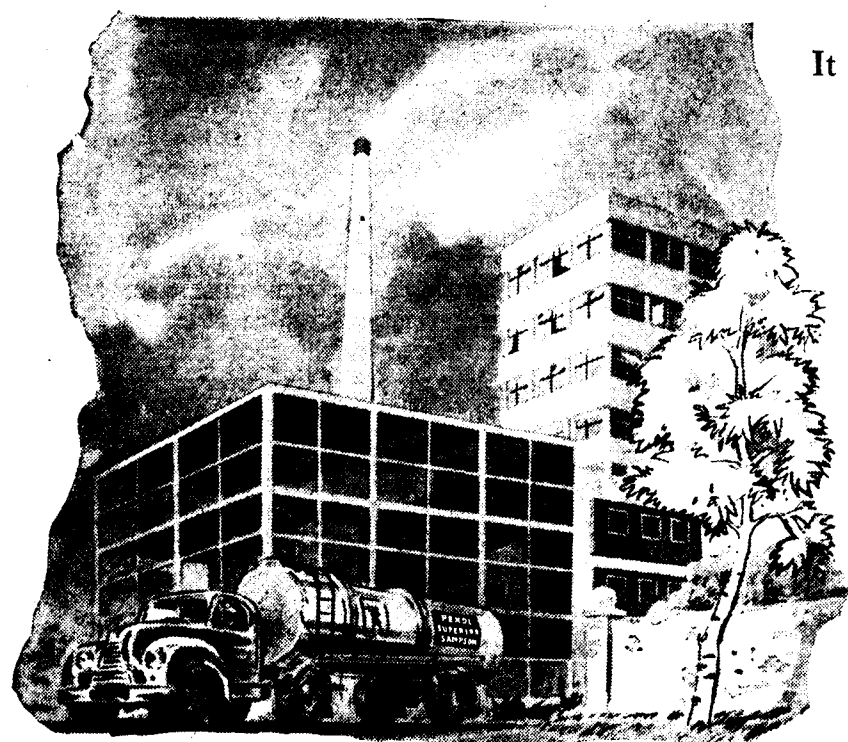
The Old World

made

Hercules...

...to-day Hercules

is helping to build the NEW WORLD



HERCULES POWDER COMPANY LIMITED

ONE GREAT CUMBERLAND PLACE, LONDON, W.1

Telephone: AMBassador 7768



Hercules and the Augean Stables.

It was by meeting the challenges of his age that Hercules of old earned immortality.... To-day, Hercules still meets challenges. More—he anticipates them. For in industrial chemistry, research by Hercules Powder Company has produced many a “break-through” leading to better things. Take packaging for instance. Packaging materials need to be sized, given strength when wet, printed, protected, stuck together. Hercules can claim many important advances in these fields. If the New World is better off for better packages, Hercules has a hand in it. Hercules has some key-words for his successes. Words like Pexol—Kymene—Pentalyn—EC—Neolyn. You should know what they mean.

ECONOMICS OF THE PRESS

1947 “with the object of furthering the free expression of opinion through the Press and the greatest practicable accuracy in the presentation of news, to inquire into the control, management and ownership of the newspaper and periodical Press and the news agencies, including the financial structure and the monopolistic tendencies in control, and to make recommendations thereon.”

1961 “to consider whether these economic and financial factors tend to diminish diversity of ownership and control or the number or variety of such publications, having regard to the importance, in the public interest, of the accurate presentation of news and the free expression of opinion.”

—Terms of Reference,
Royal Commissions on the Press

BRITAIN'S first Royal Commission on the Press concerned itself primarily with the quality of our newspapers; the second is concerning itself primarily with the quantity of them. This is not because its terms of reference differ hugely. Nor is it because the quality of newspapers has obviously and indisputably improved. It is true that what are generally called “the quality papers”—i.e. the ones that cost more, plus or minus the *Daily Telegraph*—have significantly increased their share of total circulation since the first commission reported in 1949, but so have the mass-circulation dailies and Sunday papers: it is

the ones in between that have suffered. It is because processes of attrition that had been partly arrested during 15 years of war and postwar controls have since eaten away one national daily and four Sunday newspapers—all papers in between the quality and the mass, bequeathing some of their circulation above and below. One unconventional new daily paper and one conventional new Sunday paper have come into being; but the futures of three of the remaining national dailies are none too certain. The net loss of titles in the national press is significant, the disappearance of provincial newspapers is more severe still; and though new magazines come into being almost as fast as others die, a whole category of general interest text magazines has nearly gone, and a pyramid of mergers has finally engrossed a very large collection of Britain's largest-selling magazines under one ownership. The Press Commission of 1947-49 made no bones about the fact that it was examining the business of newspapers at an abnormal time. No commission appointed today, with even the precise terms of reference set in 1947, could avoid concerning itself now more than then with “the financial structure and the monopolistic tendencies in control.”

The press is a business, and a fairly big one; today, in parts at least, a declining one. Its commercial fortunes depend on two markets—people buying newspapers and magazines, and advertisers buying space in them to seek those people's attention—and upon its own production costs. During the war, the British people bought far more newspapers; advertisers had not the space or money to cry wares they could not supply; prices of materials and labour rose sharply but newspapers held costs by giving readers less for their money. Since about 1950, by contrast, sales of newspapers have fallen significantly; advertising expenditure has been expanding rapidly; and in offering bigger papers both to hold readers and to

CIRCULATION OF THE DAILIES

	(Average daily circulation; thousands)						
	1937	1950	1954	1959	1960 1st Half	1960 2nd Half	1961 1st Half
<i>Mirror</i>	1,328	4,593	4,709	4,521	4,565	4,649	4,593
<i>Express</i>	2,330	4,169	4,083	4,092	4,143	4,270	4,313
Mass dailies ...	3,658	8,762	8,792	8,613	8,708	8,919	8,906
<i>Herald</i>	2,033	2,083	1,812	1,466	1,407	1,418	1,419
<i>Mail</i>	1,580	2,270	2,116	2,078	2,066	2,825*	2,687
<i>News Chronicle</i> ..	1,324	1,547	1,310	1,207	1,162	...	...
<i>Sketch</i>	684	786	854	1,154	1,117	1,075	1,000
<i>Telegraph</i>	559	979	1,040	1,155	1,177	1,206	1,251
Medium dailies ...	6,180	7,665	7,132	7,060	6,929	6,524	6,357
<i>The Times</i>	191	246	220	255	263	260	260
<i>Guardian</i>	48	138	146	187	199	212	235
<i>Financial Times</i> ..	30	57	68	103	122	123	131
“Quality” press, plus <i>Telegraph</i> ..	269	441	434	545	584	595	626
	828	1,420	1,474	1,700	1,761	1,801	1,877
Total dailies ...	10,107	16,868	16,358	16,218	16,221	16,038	15,889

* Combined circulation after absorbed *Chronicle*, from 18.10.60.

CIRCULATION OF THE SUNDAYS

	(Average Sunday circulation; thousands)						
	1937	1950	1954	1959	1960 1st Half	1960 2nd Half	1961 1st Half
<i>News of the World</i> ..	3,850	8,442	8,104	6,494	6,455	6,664	6,734
<i>Pictorial</i>	1,345	5,130	5,495	5,329	5,275	5,461	5,335
<i>People</i>	1,406	5,136	5,142	5,136	5,323	5,468	5,442
Mass Sundays ...	6,601	18,708	18,741	16,959	17,053	17,593	17,511
<i>Express</i>	1,338	3,205	3,263	3,485	3,566	3,706	3,767
<i>Empire News and Chronicle*</i> ...	...	...	2,770	2,096	2,084	...	...
<i>Dispatch</i>	741	2,488	2,660	1,557	1,485	1,520	...
<i>Graphic</i>	651	1,154	1,205	882	883	...	...
<i>Reynolds News</i> ..	426	705	615	328	328	329	326
<i>Telegraph</i>	...	...	...	...	...	...	716†
Medium Sundays* ...	(3,156)	(7,552)	10,513	8,348	8,346	5,555	4,809
<i>Observer</i>	208	429	539	669	704	738	728
<i>Times</i>	270	535	600	890	943	1,001	1,023
Quality Sundays plus <i>Telegraph</i> ..	478	964	1,139	1,559	1,647	1,739	1,751
	...	...	...	...	...	...	2,467
Total Sundays* ..	(10,235)	(27,224)	30,393	26,866	27,046	24,887	24,071

* Not shown before merged in 1954; hence totals in brackets not comparable with later years. † February–June.

accommodate more advertisements, the press has felt the full cost of giving the reader (nearly) as much in a newspaper as it did before the war. But bigger papers gave the mass-circulation dailies the room to accommodate more nearly the full proportion of mass consumer advertising to which their success entitled them. Thus they clawed back much of the excess of advertisements that in the early postwar years of newsprint rationing had overspilt into the "less popular populars" and some provincial newspapers. Women's magazines, rising in circulation and flamboyance, gained an increasing share of that consumer advertising, too. Finally, came commercial television; and the weaker press could not compete with all three.

This shakeout has not stilled the competition. Today it is becoming sharpest among the mass media—for advertising rather than for circulation, which today for such papers is not marginally profitable in itself. Commercial television is difficult to counter with sheer numbers; rightly or wrongly, many advertisers and some advertising agencies are convinced that its "pulling power" upon any given audience is stronger than the selling message in print. Mass-circulation newspapers, against television, now find it difficult to maintain quite the proportion of mass consumer advertising that they gained in the late fifties. The quality press lives primarily on advertising of kinds that television cannot as yet capture, and perhaps never will. But all newspapers, against this powerful competitor, may be forced towards full-colour sections and advertisements, whether they like the idea or not.

COULD a medium-circulation newspaper, selling say a million copies a day or two million on Sundays, survive in the powerful field? Could a full-scale newspaper be started now and win the circulation and advertising revenue needed to offer a reasonable return on "the cost of entry"? Neither question admits of an absolute answer; but the chances are not high for anyone hoping to enter the popular field. Among the quality press, the chances of both might be better. But there may be limits to the expansion of these papers' total readership—if they are to retain those desirable proportions of the well-to-do that command their relatively high advertisement rates and thus allow them to break even at much lower levels of circulation. Quality newspapers need to grow as the kinds of people who read them grow in numbers—not go out to capture readers who "naturally" would not read them.

It is perhaps not special pleading for a small newspaper to consider this an unhealthy situation; appointment of the fresh Royal Commission demonstrates the public concern. *In posse* if not always *in esse*, the right to inform the public of the facts of the day and to express opinions about them is one of the safeguards of freedom: and a society in which this right becomes increasingly circumscribed for economic reasons forfeits one of the distinctions that set it apart from societies where the same right is curtailed by political power. The very sharp rise in the break-even point of circulation for newspapers in Britain since before the war has social as well as economic consequences. Is there some practical, non-discriminatory interference with economic processes that one could prescribe to roll the break-even point back, and float medium circulation off again into viability?

The Royal Commission may yet find or devise one. But most of the expedients that have so far been publicly advocated fail on one count or the other. If practicable, they are not non-discriminatory; or *vice versa*. Most of them, in one way or another, would aim at reducing the dependence of newspapers upon advertising revenue that is geared to high circulation, and hence the total dependence upon higher circulation: forcing papers either to put up their prices or cut their costs or both. One idea proposed has been a tax upon advertising revenue (such as was imposed, unilaterally, upon the newspapers' main competitor in this year's budget); even possibly a progressive tax. Another such proposal would have a limit set upon the proportion of advertising space allowed in any

newspaper. Either, certainly, would devalue increases in circulation and additional pages.

One major difficulty is that the importance of advertising to different newspapers varies sharply; it is, for example, probably larger for the *Daily Express* than the *Daily Mirror*, much larger for most quality papers than for either, and yet larger again for many specialised and technical magazines. The incidence of such a tax would be arbitrary and unpredictable—particularly as circulation already displays some elasticity to price for journals of all kinds. Another possible difficulty is that if newspapers passed the tax on to advertisers this might simply make "space" a generally more expensive commodity, and hence concentrate advertising even more where it pays best; and this might be still in the mass-circulation papers or perhaps outside the press on television. Some variants of this idea propose that the revenue drawn from such a tax should then be distributed among such newspapers as it is considered desirable to support, or that it should be levied on some kinds of advertising and not others: say, display but not "classified ads." Here non-discrimination goes out of the window; we would be back in the process of subsidising approved papers and discriminating against undesirable ones from which Britain emerged over a century ago. And how would who select the papers to support at the others' expense? The idea that the proceeds of a tax should be used to subsidise the price of a small basic supply of newsprint—a subsidy given to all newspapers but obviously benefiting the small far more than the large—is more attractive: but it would not alter the irregular incidence of the tax on, say, quality as against some mass newspapers. Again, it penalises the efficient—in the game as now played—and featherbeds the inefficient.

A similar objection applies also to suggestions that some public corporation should provide printing and distributing facilities on lease to people wanting to set up in the newspaper and magazine business, as ITA does with commercial television. Physically, spare capacity for new publications can now fairly readily be found within private printing houses on commercial terms. The kind of public assistance that advocates of this idea have really in mind, perhaps, is not so much physical capacity as financial backing, such as for example, the state lends through the National Film Finance Corporation to another form of visual mass communication, British film production. But how long could public money be expected to back, say, a newspaper that did not immediately attract enough readers to break even?

WHAT if the Royal Commission cannot find or devise a satisfactory formula—beyond, perhaps, advocating a general advance scrutiny of mergers, in other businesses as well as this one? And the economic processes continue and perhaps sharpen. Commercial television's advertising time may lengthen; it may be joined by commercial radio, which could be particularly dangerous for the provincial press unless some *modus vivendi* is reached by them. There are no inevitabilities here, however; even the ten-year decline in circulation could be a readjustment after an artificial wartime peak, and certainly there have been special factors inhibiting the growth of mass circulations. Total advertising revenue is likely to slacken as its coverage and the number of homes equipped to choose ITA against BBC reaches saturation, unless its rules are changed. A general increase in prices—sufficient to make sales revenue cover at any rate the variable costs of newspaper production—would at least restore liveliness to the competition of the press, though it might accentuate rather than damp down pressure on weak papers. But papers able to secure the right kind of reader in sufficient numbers, or to establish a particularly strong bond with their readers, can still advance or at any rate entrench their positions. Costs—some of them at least—can be cut. This is an highly-mechanised industry, but an old one, employing tradi-

tional craft skills; major technological change may be possible.

But it would be unwise for newspapermen to be too inward-looking here, and to ignore that the biggest technological changes in journalism may have already come—outside newspapers. Many people today sigh for photographic and electronic processing of news into type, which can be had. Yet it is arguable that the growing part of journalism, today, is already being processed—and delivered into people's homes—electronically, via the cathode tube. There is absolutely no reason why journalism should always reach its public via printed paper. Technological change in industry comes by supplying an entirely new product to do the job quite as often as it does by making old ones in new ways.

Over the last five years, Britain has seen the development in journalism of an absolutely new kind of challenging interview, of the face-to-face presentation of key personalities direct to the news consumer, of deliberate, if sometimes rather phoney, controversy, of a presentation of science far better than has yet been achieved on the printed page. These have been the positive contributions of competitive television to journalistic technique—plus a general presentation of actuality that, while it is often superficial, does not yet display quite that flaccid and jaded contempt for the reader that the standardised processing and packaging of news and features in many British papers does, from one end of the spectrum of quality to the other. And television offers "quality journalism."

Readers, Viewers and Advertisers

How much attention does the British public pay to the "mass media" that communicate information and entertainment, and is it tending to pay more or less? Statistical answers, of varying quality, are available to these questions, providing one accepts a certain amount of chalk and cheese: but to assess future prospects from the figuring is particularly hard, because special and perhaps temporary factors, over the last decade, have been affecting most of them. The decade has seen a decline in the total circulation of national newspapers, plus an inadequately measured but almost certainly larger proportional decline in that of the provincial press. It is impossible to say how total magazine circulation has changed. The "viewership" of television has grown enormously: radio audiences declined, then levelled off. Attendances at cinemas have fallen drastically. One cannot check the measurements very well from figures of personal spending, since broadcasting, after one's initial investment, seems virtually "free"; but it may be worth noting that expenditure on these forms of communication and entertainment, in total, has been growing less fast than total consumption expenditure in recent years.

It is obvious that most of that growth in viewership represented the rapid spread of television sets into British homes, and the advent of a second channel. The spread is now largely complete: and it cannot be assumed that a third channel, or commercial radio, would give a fillip to public attention to broadcasting comparable to that given by the creation of ITA—though an increase in the permitted hours of television broadcasting might offer another very big once-for-all boost. The downward curve of cinema attendances may level off, though there are no dependable signs of it yet. These mass media compete for people's time with many peripheral forms of recreation, and may not do so always as successfully as some have in recent years. The ubiquitous paperback, for example, can compete with parts of the press: the teenager with half a crown to spend on sophistication may reasonably prefer the Penguin *Colette* to *Vogue*.

It is less obvious, but probably true, that some once-for-all and some transitory factors have been at work in the steady decline of

for the most part, to viewers in numbers that only the mass-circulation papers have ever matched with print. Against the demise of newspapers, there is this positive extension of mass-communication to set: the growth element in journalism, perhaps serious as well as sensational, is nowadays seeking a second and a third channel.

Yet the printed page, with the chance it gives the reader to take a second look and re-examine fact or argument, has enduring strengths. And there are opportunities still awaiting the newspapers that can exploit these strengths—if only in interpreting and putting into perspective the news that broadcasting showed the reader last night. Greater rewards, indeed, may await the journalists on screen or paper able to catch, as not even "Tonight," the *Daily Mirror* or *The Observer*, perhaps, have quite yet caught, the mood of younger people growing up in a fluid and developing society—the people whose attitudes Mr Raymond Williams has perhaps come nearest to characterising:

For the one absolute fact about the men and women of the new communities, as of the new kinds of society everywhere in the world, is that they are created in a human image, and not in the image of anybody's version of them. The "telly-glued masses" do not exist; they are the bad fiction of our second-rate social analysts. What the masses, old or new, might do is anybody's guess. But the actual men and women, under permanent kinds of difficulty, will observe and learn, and I do not think that in the long run they will be anybody's windfall.

national newspaper circulation since its peak some ten years ago. The peak circulation for the national dailies, so far, came in 1950, and circulation has fallen off by about 9 per cent since then; while the circulation of Sunday newspapers, since its peak in 1949, has fallen by more than a fifth. The most recent statistics of circulation, it is true, are still disturbed by eddies left where newspapers foundered. These figures suggest that while many readers of defunct journals have been bought or captured by surviving sheets, a few hundred thousand of daily readers and perhaps two to three million Sunday readers, during the last twelve months, may have disappeared without trace. Objectively, it can be argued that these escapars, enjoying the luxury of each Sunday morning with one newspaper the less, have achieved a significant advance in their real standard of living; but this aspect of affluence and social emancipation is not one that any journalist can be expected to overstress.

THAT postwar peak in circulation, in itself, was partly artificial: the 16,828,000 national newspapers bought daily in 1950 and the 30,393,000 bought on Sundays in 1954 had many fewer pages than papers do now, which encouraged some dual readership daily and a great deal of multiple readership at the weekend. Today one daily paper gives the reader as many pages as two or three did then, and some Sunday papers on occasion four times as much—though the amount of editorial matter he gets has not gone up nearly as much. The British adult (who may still buy more separate newspapers than the citizen of any other country) now consumes perhaps 60 per cent more newsprint than in the early fifties. This is not as much as the average in several other countries, and probably still not quite as much as he did himself in the thirties.

Part of this decline in total circulation may be reckoned as merely a readjustment to larger newspapers. Dual readership of dailies and multiple readership of Sunday papers seems certainly to have declined, as the size of each copy became less skimpy. That influence may be largely spent. Another brake on total circula-

tion, in recent years, may have operated because some mass circulation papers, at least, have not found it profitable to try to get extra readers, though the quality press has gone on wooing the readers left as weak popular papers died. This may not be transitory: the shift in the economics of circulation is real, associated with the real shift of public attention to television.

Even so, during that decade of slow decline there was a very slow increase in the country's adult population, with a somewhat larger increase in the number of people at work with incomes of their own. Even accepting that promotion of mass newspaper sales had not, on balance, been exactly fervid, one might have expected some "natural increase" in them.

TOTAL advertising expenditure in Britain, until now, has gone on growing at about 10 per cent per year—fast enough for the advertising revenue of the press, even though its share of the whole has been shrinking, to continue growing too. This year, however, it may have stopped doing so: in the second quarter of 1961 the advertisement revenue of the national dailies and Sundays was nearly 4½ per cent less than in the second quarter of 1960. And some major advertising agencies say that their bookings of newspaper space for next year are now lower than at the same time last year.

The rate of growth of advertising expenditure on television, has slowed down, though it has been much more rapid. Commercial stations have now achieved more than 90 per cent coverage of the country, in terms of population; and the proportion of households owning television is growing much more slowly as it approaches saturation. These changes, however, are merely the concomitants of achieving full distribution for the product, the visual electronic message. It is clear that advertisers are becoming more selective in their use of television; they are demanding, in particular, more information about the make-up and actual size of the audiences their messages reach—as against the proportion of a sample of a few hundred sets that is turned on, which is all that they are really told nowadays. The tax imposed on television advertising in this year's budget seems somewhat to have strengthened the advertisers' insistence on better audience research—though its effect on total advertising budgets may equally often have been to weed out those elements in advertising campaigns that seemed weakest in "pulling power"—for example, cinemas and certain newspapers.

The press is still protected by a statutory limitation upon the amount of advertising that television can show during the hours when its audience is largest, and another on total programme time. No programmes, remember, are on view during the hours that most people read their morning newspapers; some evening papers, which meet the competition more direct, are in the unhappiest state of all. Moreover, it would be stupid to assume that television cannot much further develop its techniques of appeal, both in programmes and in advertising messages. The provincial press, at least, is also somewhat protected, so far, by the fact that commercial radio is not yet allowed to beguile the British housewife. The strength of this as a competitor for certain kinds of advertising is much debated; but it would penetrate one of the few areas of monopoly in advertising revenue that these papers possess, and any such stronghold is one of the most valuable things any advertising medium can have nowadays. And even commercial radio might not offer as much extra competition as allowing commercial television round the clock would do.

SOME years ago the market for advertising within the British press itself became sharply freer—from which followed the process of attrition that has killed, among the middle sort of newspapers, one national daily, one London evening, four Sunday papers and many provincial dailies and evenings, and has left the future of three other national dailies problematical in varying degrees. Until the end of 1956 rationing of newsprint and agreements not

to compete with larger papers robbed the mass circulation papers such as the *Daily Mirror* and the *Daily Express* of the share of mass consumer advertising to which the growth of their circulation would otherwise have entitled them. After newsprint and sizes of papers became free, these mass papers were able to accommodate their arithmetical shares. Total advertising expenditure continued to grow, though television began to take much (indeed, to create much) of the increase. So the mass newspapers, and another group of papers given freedom to expand, the women's magazines, regained and increased their share of mass consumer advertising at the expense of the provincial and the weaker national newspapers.

This redistribution of consumer advertising income within the press, with its consequent effects upon the weaker papers, may not be wholly complete, though the *Daily Herald* has been guaranteed a lease of life as an incidental of magazine concentration and the *Daily Mail* may have won its own. But the process has given the mass-circulation newspapers and certain women's magazines the bulk of mass consumer advertising in newspapers, and in so doing concentrated upon these papers the weight of competition for such advertising. This is the kind of advertising—so far, perhaps the only kind—that television can do effectively. And if television should prove to be inherently more effective in terms of buying response, than press advertising of these commodities, then it will be tougher for the mass papers than bowling over straw men has been in the last few years. The large-circulation women's magazines, in spite of their stronghold of colour, seem already to be feeling this.

Even the mass newspapers, so far, are telling their advertisers more about the people who make up their readership than any programme contractor yet can about the people looking at any given programme or commercial "spot." Qualitatively, the press has some effective defences: parts of it indeed rely particularly upon kinds of advertising that so far are virtually unassailable by electronic competition. The quality press relies far more than the mass circulation press does upon the kind of advertisements to communicate which the British press was originally founded—classified commercial announcements, which over the years have

CONTRIBUTION OF ADVERTISING

	Advertising revenue as percentage of total revenue
Specialised trade paper:	
Automobile Engineer	90
Specialised woman's monthly:	
Ideal Home	82
General trade paper:	
Flight	75
Hobbies:	
Amateur Photographer	71
Quality daily:	
The Times	68
Mass circulation woman's weekly:	
Woman	67
Mass circulation daily:	
Daily Express	54

diversified into a much wider variety of small "ads." Not even the papers fullest of these, such as the *Daily Telegraph*, could do without a sizeable share of display advertising; but some also of the display advertising they carry, institutional advertising addressed by companies to companies or "the informed public," also finds little place so far in television time. It happens, too, that during the years when "the unpopular populars" were losing consumer advertising to the mass circulation dailies, the quality papers took advantage of the shortage of technical and professional manpower to build up a largely new kind of "situations vacant" and "careers" advertising on which the organs of mass appeal have so far been largely unable to encroach. Nor have the mass dailies ever benefited as much as the quality press from that amiable and informative—habit of British business firms (said to have been invented by *The Economist*) of paying to have the annual reports that they have already circulated printed at impressive length in the columns of the newspapers. These forms of advertising

have their own fluctuations—at present slightly down—but they are immune from electronic competition for the moment, as much local advertising is.

These areas of monopoly in the advertising pattern of the quality press—based, essentially, on appealing to a better-heeled cross-section of readers—have been matched by rather an impressive strength in circulation. As against, say, 1937, the quality dailies have rather more than doubled their total circulation, which is not quite as much as the *Daily Mirror* and *Daily Express* together have done. But since 1954 the two mass dailies have added—perhaps one should say found it worth while to add—virtually no extra circulation at all; the quality dailies have succeeded in putting on nearly a quarter. And the mass circulation Sunday papers which nearly trebled their circulation between 1937 and 1950, have since lost circulation (or let it go). The two established "quality Sundays" (now joined by a promising apprentice)

Cutting to Fit

IT has often been observed that you do not need to invest heavily in fixed capital before bringing out a newspaper: your initial investment, or cost of entry, consists of the expenditure on promotion and operating losses that you incur on the way up to breaking even. That is true: but it does not follow that fixed costs are low in the newspaper business. This is not simply because you have to pay the capital charges, even if somebody else put down the investment for the printing plant in the first place: newspaper production is not a heavily-capitalised industry in relation to its employment or its output. But rather a high proportion of its other costs are fixed costs in the short run at least, which do not vary at all directly with its volume of output—i.e. circulation—and may not vary much with the size of the product—i.e. the number of pages in the paper. These costs include not only administration, and the cost of securing and arranging advertisements, but also editorial salaries, news services, and expenses, plus all the mechanical processes of preparing each edition—composing, block-making, everything up to making matrices in the foundry for casting the cylinders for the presses. Newsprint, ink, the labour employed on printing, warehousing, and carriage to the point where the newspaper reaches the wholesaler, can strictly be called variable costs in newspaper production—plus, arguably, expenses involved in promoting circulation. But the labour costs even in these final processes are none too variable; and as for promotion costs, if circulation falls for a time those may have to go up.

Some of this industry's costs are high and fixed because of the peculiar nature of the product. One does not often think of Fleet Street as a home of mass production: but how many factories in Britain produce a million of anything a month, let alone manufacture and distribute millions a day and then re-tool each evening to do the same over again with a product redesigned throughout? The final printing of a newspaper is a highly automatic process; but it has to be tooled up by mechanical and hand methods anew for every issue, according to "instructions" that have themselves to be formulated and arranged by personal collection, assessment and expression of information into different patterns of words each day or night. And much of this processing of information into print, indeed, has to be almost simultaneous, concentrated into a few peak hours for which capacity at all levels must be adequate, with reserves to meet large and unpredictable fluctuations in the basic flow of information and get it into print within a timetable of which the end-points of transport and delivery are rigid. For this is a perishable product of which the value has disappeared entirely in a few hours.

doubled their combined circulation between 1937 and 1950, and since 1950 have roughly doubled it again. It certainly still pays these papers to seek extra circulation and extra pages and their total circulation has grown enough for even their laggards to prosper, though this year, with the *Guardian* printing in London, competition may sharpen for *The Times*.

To consider the market for newspapers, within the broader market of mass communications that compete for the reader's and the advertiser's attention, before considering the industry's costs, is perhaps logical: newspapers live by being paid on both sides. In a rising market, the nature and the economics of newspaper publishing indeed combine to make it sensible to concentrate management's best attention on sales without worrying too much about costs. But in a market that in volume and in rewards may have ceased to grow, closer attention to costs not only pays but is being forced upon newspaper managements.

This is not to romanticise what is in many senses a grubby business; it is simply to isolate the basic nature of this business, from which most of its commercial opportunities and productive problems flow. Demand upon the capacity of this industry may be as peaky as demand for electric power, and the peak load involves organising, assembling and fitting into sequence a dozen different operations, many of them labour-intensive with temperamentally tricky labour, not simply switching in extra generating sets to produce more of a uniform product. Much of the spare capacity required throughout newspaper publishing is human: it is, typically, the man with ample time to sit down and grumble how labour is wasted in other departments. There cannot be many industries whose fixed costs rightly include a significant amount of overtime paid for doing nothing. But daily newspapers are made at night, and to some extent after midnight; and in all the departments where an edition is prepared for the press, some hands will have to be kept on after midnight, whether or not many late changes are actually made. The costly risks of being beaten with late news by a rival, or of missing a newspaper train, justify considerable insurance premiums of spare capacity, right from the reporters' room down to the warehouse.

Any printing house, whether owned by a publisher or not, will try to utilise its capacity as continuously as possible. A national daily newspaper needs a Sunday to share the presses and may conveniently print an evening paper as well: most provincial houses print weekly newspapers as well as dailies and/or evenings. In preparing any newspaper, again, careful organisation can spread out some of the work beyond the peak hours and the mounting daily timetable. Advertisements and many editorial features can be made ready in advance. The steady increase in the proportion of "background" and sheer entertainment material in many papers enables the use of more prefabricated editorial text; full-colour printing, in magazines and when it comes, in newspapers, will require much more of the work to be done in advance.

IT will be easy at any one time, therefore, to over-estimate the extent to which labour is wasted in newspaper production. But the circumstances that require spare capacity, as a corollary of efficient operation, are also circumstances that make for intense, concentrated bargaining power at key periods in the hands of trade unions, and enable them to inflate the amount of spare capacity actually carried.

THE PRESS

It is not surprising that this urgency of tempo should have made managements, in the past, spend more effort on achieving extra sales than on holding down labour costs; or that the labour in question, trained as it is in a craft tradition, should have contrived to restrict entry into many printing jobs, and to achieve all sorts of special payments bearing little relation to work still actually done. This does not imply that the special intensity of work at awkward times in this business does not deserve special rewards; or that the trade unions always have their managements across a roll of newsprint. Management develops its own mechanisms of defence—for example, the agreement that if the printing of one national newspaper is stopped by union action all other proprietors do not publish that night. But over any longer run it means that standing up to the trade unions in this industry requires not only unity and intestinal fortitude but also deep bank accounts and the readiness to dip into them. Usually, some of these prerequisites are lacking somewhere.

BEFORE the war, when newsprint went as low as £10 a ton, the price that one paid for a newspaper, less newsagents' and wholesalers' discounts (four-tenths of a penny per copy) and the cost of returned unsold copies, rather more than covered the variable costs of producing it. In principle, therefore, there would have come some level of circulation where sales alone, even without advertising revenue, would have covered fixed costs as well and enabled the newspaper to break even. In fact, the "overhead income" of advertising revenue enabled it to break even much lower down the circulation graph than that. A newspaper with only a moderate circulation, however, required a fairly high margin over variable cost (from both kinds of revenue together) to cover its fixed costs; and hence a fairly high rate of advertising revenue per thousand readers. The quality press charged about twice as much per copy without incurring variable costs twice as high, and could economise somewhat on the fixed costs of staffing; its readership, also, contained much higher proportions of people with higher-than-average incomes. With the much higher "milline rates" (that is, the

THE ECONOMIST SEPTEMBER 9, 1961

advertising rates per column inch per thousand readers) that this quality of readership commanded, therefore, it could break even at far lower levels of circulation than the popular national dailies (as it still can). The daily paper with no particularly valuable quality of readership to offer the advertiser, however, could not command much more than some basic average rate per thousand readers. Rates that could give a medium-circulation popular newspaper a profit, therefore, offered the chance of very high profits for papers with mass circulations.

In pushing up circulation, a paper's variable costs increase steadily; so does its sales revenue; but its advertisement revenue rises in relatively infrequent steps, as it takes time to establish a dependable higher level and to adjust its rates per column inch upwards. This means that its advertisement revenue, per thousand copies sold, would over the short run not rise with circulation alone—though it would rise if the paper published more pages and was able to fill a rather higher proportion of these with advertisements than it had of the copy with fewer pages. But while sales revenue exceeded variable costs, increases in circulation made some further contribution to profits even during the interim before the paper could jack up its advertising rates. Extra circulation, that is to say, paid in itself; and this made it worth quite heavy expenditure on promotion, free copies of Dickens and the like.

Came the war, and a different pattern of profitability. Newsprint was rationed; circulations were pegged and the size of papers cut to a minimum; returns were abolished and promotion drastically reduced (by the mid-thirties, the proprietors had already agreed to cut out free gift promotion schemes). Operating costs were reduced; staffs were not cut at the outset as much as output, and from this time date some of the feather-bedding agreements that still plague the trade, but gradually conscription whittled them down. The price of newsprint soared; but publishers gave the readers so much less of it for the price that sales revenue still exceeded variable costs. Revenue from advertising was down, but the advertising was spread out more evenly between mass and medium circulations. Newspapers were on the whole highly profit-

tisers, judged by results, appear to consider competitive with those for any comparable papers and we have no reason to believe that they could not be kept so as circulation rises. Recently, the paper has been able to secure advertising at least in proportion with extra paging; last year, in issues averaging something over 100 pages apiece as against something under 96 pages in 1957, it allotted nearly 50 per cent of space to advertising against under 45 per cent in the earlier year. Advertising revenue, last year, amounted to roughly double our revenue from sales, net of discounts to the trade.

In terms of overheads, this paper differs from most other "journals of opinion," more closely approaching perhaps a quality Sunday paper, because it is an almost entirely staff-written paper, relying little upon contributions from any but our own correspondents or regular "stringers" overseas: its full-time editorial staff in London is large for a weekly. It shares certain services, such as an information library, with The Economist Intelligence Unit, which does economic research for business; but in staffing and operations the two businesses run entirely—and each quite profitably—on their own.

periodical printers that is a subsidiary of The Financial News Limited, which in turn owns 50 per cent of the capital of The Economist Newspaper Ltd. (without any control over editorial policy). Printing schedules and prices are a matter of negotiation. As a result costs do not present themselves to this paper in quite the pattern of fixed and variable costs that they do to a daily paper owning and managing its own printing shop. Last year fixed costs of *The Economist* proper made up 45 per cent of total costs, and variable costs about 35 per cent; but the cost of having the paper printed, which obviously includes fixed as well as variable elements, made up roughly the other fifth.

So far as costs internal to *The Economist* were concerned, revenue from sales rather more than covered variable costs; if the variable elements of printing had been counted in, it would probably not quite have done so. This does not deter us from seeking to increase circulation. Our rates for advertising give a cost per page per thousand copies sold that adver-

THE ECONOMIST SEPTEMBER 9, 1961

WHAT PEOPLE SPEND
ON READING AND ENTERTAINMENTS

	1938	Spending in £ million			1959	Percentage change in volume *	
		1954	1957	1958		1938-54	1954-59
Newspapers	36	99	125	146	139	+ 87	- 5
Magazines	18	41	47	47	40	+ 20	- 12
Books	10	40	53	56	59	+ 133	+ 40
Cinemas		112	95	85	71		- 53
Other entertain- ments	64	77	98	108	114	+ 43	+ 26
Total above . . .	128	369	418	442	423	+ 55	- 9
Total consumers' expenditure . . .	4,394	12,190	14,505	15,276	15,956	+ 11	+ 14

* Approximate changes after making allowance for price changes.

able; when circulations were allowed to rise before the size of papers was increased, the mass-circulation dailies became more so. When newsprint rationing ended, advertising revenue began to be redistributed back to the papers with the biggest circulations. Papers in the middle needed higher "milline rates" to break even; this made them less competitive; so did the fact that they could not afford to increase the number of pages as much.

BUT the opportunity to offer the reader (nearly) as large newspapers as they did before the war, at prices that only slowly caught up with the inflation of prices in general, left the publishers' economics sadly altered. The variable costs of newspaper production have risen since before the war even more sharply than their fixed costs have. There may be nothing much to choose between the increases in earnings achieved by different kinds of printing labour—though productivity in the machine room and the warehouse does appear to have fallen more than in some preparatory stages. But "overhead" wages and salaries have not risen as much as printing earnings. And none of the fixed administrative costs has risen anything like as much as the biggest single element in variable costs—newsprint, which even after a dip is still five to six times as high in price as immediately before the war.

For the popular dailies, at least, sales revenue appears no longer to offer a margin over variable costs (though this may not be true for all of them and is possibly not true for some quality newspapers). This means that in the short run, up to the point where a paper can adjust advertising rates in line with extra circulation, extra circulation becomes a drain on unit profit rather than an addition to it. To the extent that the mass paper can draw in more advertising by offering more pages, it can mitigate this—though the higher cost of newsprint means that the proportion of advertising it will have to put in those extra pages, again, has risen. Since the war, most newspapers have steadily increased the share of their pages given to advertising, and the successful ones now carry more than they did in the thirties. But the advent of commercial television has made them more chary of adjusting advertising rates upwards when extra circulation is achieved.

When marginal revenue from sales does not cover marginal costs, and indirect income from advertising also becomes harder to secure, newspaper managements may well turn their energies inward upon cutting costs. There are limits to the extent to which they can cut their administrative, advertising, and editorial costs. Some of the preparation of newspapers may be spread over even more, reducing the need for spare human capacity—so long as in becoming more "magaziney" papers do not sacrifice the essential quality of their product and their readers' identification with the paper. Technically, there are considerable economies to be had in capital and manpower from various kinds of film-setting, new techniques in the process departments that turn photographs into blocks, and in the composing room and foundry that turn words

into, finally, a cast metal cylinder. These are held up partly from the unwillingness of management to take risks in investment in a none too remunerative industry: most implacably, by the opposition of trades unions to what has been nicknamed "the abolition of typesetting" (which rather exaggerates the possibilities, until scanning devices begin to set up the words); and more reasonably, by the fact that in a large circulation paper process, composing and foundry are not a very large element in costs anyway. All these obstacles to change are heightened, perhaps inevitably, by fears on both sides that the business is in decline.

Cutting variable costs, if it could be done, would offer the most immediate rewards in newspaper economics. The price of newsprint has indeed declined slightly in recent years, but is still very high: world demand for it is still rising, and there is an even greater rise in demand for other kinds of paper that can be made out of the same materials as newsprint. The costs of distribution reflect the need for speed more than for economy: the abandonment of some restrictive practices there might bring more competition, but it is hard to see newsagents and wholesalers accepting any lower margins, on a static or a slightly declining total volume of business. Carriage is mainly by rail, which is beyond the scope of newspaper management, though their lorry fleets could be used more economically. The departments where costs vary largely with circulation—the machine room and warehousing—are notoriously among the least efficient in the business. Here as in preparatory departments significant economies might be achieved with certain packing and tying machines that exist already—so long as in sharing the benefits with labour (which is inevitable) the whole return on extra investment is not washed away by demands for excessive manning. A determined attack on costs to offset declining total business would collide head-on with some of the institutional structure of this business, without offering any absolute guarantee of solving its growing economic problems—any more than the alternative or concomitant, for medium-circulation papers at least, of increasing selling prices, which are still, by most comparisons, low. But the time is coming when both moves may have to be made; simply to maintain circumstances in which large-scale operators can try to expand and maintain a reasonable return on investment. But whether such a change would restore the circumstances in which small-scale enterprise in national newspapers could hope to flourish is much more problematical.

UNIT COSTS OF ADVERTISING 1960

	Readership				Cost of advertising per single column inch per '000 readers d.
	Total readers '000's	of whom Class ABC %	Age 16-44 %	Women %	
Daily					
Mirror	14,569	17.3	59.7	47.1	1.5
Express	13,092	34.2	51.4	45.8	1.7
Mail	6,729	43.9	46.4	47.2	2.6
Herald	5,154	14.7	49.7	40.5	1.7
News Chronicle	3,914	33.9	45.9	36.5	...
Sketch	4,684	22.1	58.0	45.6	2.7
Telegraph	3,295	75.9	48.7	51.2	2.6
Times	1,233	78.1	54.2	43.8	9.2
Sunday					
News of the World	17,472	19.4	51.5	48.7	1.7
Pictorial	15,013	20.5	61.6	49.4	1.8
People	15,213	21.4	52.4	49.4	1.7
Express	9,731	49.2	49.8	51.9	2.0
Empire News	6,499	18.3	52.7	45.8	...
Dispatch	4,133	37.4	47.3	49.6	1.4
Observer	2,364	72.4	57.1	50.1	5.5
Times	2,844	75.8	50.5	51.7	5.4
Reynolds News	1,138	23.2	49.6	42.0	3.7

Reluctant Labour

THE trade unions in the newspaper printing industry deal in a commodity of which they control the supply, by regulating and restricting the entry of apprentices; and for which they control the demand, by their ability to insist that an operation needs so many men to perform it. The price they get is a high one: printing operatives are the highest paid group of workers in the country, with average earnings of £19 14s. a week. But printers work at strange, nocturnal hours, with bursts of violent activity, and are heavily concentrated in the expensive heart of London. Their wages would not be in question if they would permit the labour that they give in exchange to be efficiently used. The case against the printing unions is that, either by refusing to allow the use of new technical devices, or by insisting that any new device must be manned by so large a staff that its introduction becomes uneconomic, they have prevented newspaper factories from modernising themselves.

The obstructiveness of the printing unions when faced with new techniques has two main causes. The first is historical: many of their leaders remember the unemployment of the thirties, and dread its return. The second reason is technological: they genuinely fear that new devices will quite literally abolish their only capital, which is their skill.

The craft unions in the Printing and Kindred Trades Federation were set up to safeguard the employment and the earnings of craftsmen expert in newly invented techniques: such unions as the Monotype Casters and Typefounders (902 members) or the Lithographic Artists, Designers, Engravers and Process Workers (14,000 members) now have a genuine interest in preventing the foundation of some hypothetical Union of Photosetters and Klichograph Operators. Simultaneously, the large unions of less skilled workers such as the Paperworkers (149,600 members, mostly outside printing) or the Operative Printers and Assistants (43,500) have by custom and usage succeeded in fencing off specific jobs for their members, so that they too may in some areas have an interest in resisting the introduction of new techniques. The situation is complicated by the fact that there are sixteen unions representing printing workers, each of which may suspect from time to time that one of the others is trying to snatch members, or introduce its members into jobs reserved for another union.

Instances in which the unions have impeded the introduction of new devices are rife. Among the most lively at present is the matter of machines for roping up bundles of completed newspapers for distribution. NATSOPA actually paid for four of its members to try out these machines, and agreed to their introduction in Manchester. But the Paperworkers,

whose members do this job in London, apparently insisted that they be manned by an uneconomic staff—whereupon the Newspaper Proprietors' Association said that they would not be installed anywhere if they could not be installed everywhere. Details of this story are disputed *ad nauseam*: the facts remain that these convenient machines that save time and labour are lying around in some warehouse, while men slowly and laboriously tie up the bundles by hand. Equally mysterious is the question of newspaper vans and their manning. In London the Paperworkers insist that each van carries both a driver and a helper who carries the load on arrival at the terminus: but in Manchester, where the vans are driven by members of the Transport and General Workers' Union, there is no helper and the bundles are handled by railway staff. Again, it is as good as impossible to untangle the truth about this costly business (for both drivers and helpers earn night wages and get overtime for hanging around); somebody must be wrong.

The craft unions have practices that are just as damaging. In London the Electrotypers and Stereotypers insist that all men working in the foundry department should be union members who have served their time—so that skilled men are paid skilled rates for sweeping floors. Staffing ratios for some printing and warehousing machines have been fixed so high that the unions cannot find enough men to do the job: instead of allowing the ratio of men per machine to fall (and there is no evidence that the job cannot be done by fewer men), the money that would have been paid to them is distributed to those on the job.

Few officials of printing unions will in private deny that such featherbedding and obstructionism does take place (although they will ritually imply that other unions are worse than their own). They will, however, insist in public and in private that if things are badly run it is the fault of the employers rather than their own. In no other industry can there be found such an undercurrent of contempt when trade union bargainers speak of their opponents, and of frank opportunism when they speak of their own tactics. "When you sit down to negotiate in Fleet Street," a not untypical union leader will confide, "there are a dozen vested interests round the table—and the biggest is management." Newspapers cannot afford not to appear, even for a day; and the biggest papers, better able to stand higher costs, have all too often shown themselves ready to push their weaker competitors to grant concessions. As practical men the union leaders would have to be amazingly selfless not to play on this tendency (and they are, of course, liable for re-election by their members). As believers (to some extent) in the freedom of the press, and in order to keep their members in work, several unions allowed the *News*

Chronicle to cut down on its staff shortly before its demise: the lack of ceremony with which its closure was brought about, only strengthened their belief that sweet reasonableness pays no dividends.

OFF Fleet Street, the picture of labour relations is perhaps a little brighter—although in the magazine field it is often said that a gravure press manned in Germany or Switzerland by eight men is here, through union insistence, manned by seventeen. But in provincial papers there is certainly less overmanning. Their main complaints concern the lack of skilled men—so that those who are available inflate their basic wage by an undue amount of overtime. And, of course, the rigidity of demarcation rules as to who can do what maddens all who have to do with printing. Here again the unions are disposed to put some of the blame on managements; they claim that, since there are practically no apprentices on Fleet Street and very few in most provincial newspapers, most men have to serve their time with smallish printing firms, whose managers themselves preserve a mystique about their trade. The small printers are, of course, those who would be hardest hit by the introduction of new and capital-intensive production methods: and it is, of course, true that old-fashioned "craftsmanship" will continue to be needed for as long as old-fashioned machines and processes continue to be used.

It may be said that the employers have been unduly soft in resisting past claims, and the unions unduly grasping, at the same time as being traditionalist. But at present a union leader who wants to be re-elected simply cannot go to his members and ask them to accept that a machine hitherto manned by six men should be removed to make room for one handled by two: and he cannot convince them (nor is he likely to be convinced himself) that to save some £80 a week in this way will ultimately make the least difference to the solvency or otherwise of the paper in question. Forecasts that more and more papers will close unless the unions relax their restrictions can only make the unions resolve not to accept any more apprentices for fear that they will not find jobs. At present there is a straight deadlock between the interests of the two parties, and the unions are (in the short term) doing nicely out of ensuring that it stays that way. Only the proprietors can do something to break the log-jam—perhaps by ensuring that any worker losing his job through technical innovation should be compensated for the loss of his one asset. There have been plenty of signs in recent months that union leaders would be prepared to talk seriously about such a scheme—and it could hardly be more expensive than the present extravagant status quo.

When Magazines Merge

WITHIN the last three years, one estimate has it, 409 British magazines have closed down and 530 new ones have been started: there is a continuous process of renewal about this part of the press that there has not been in the British newspaper business for quite 40 years. Nobody suggested a Royal Commission to inquire into the death of magazines: its appointment was provoked by the engrossment of many of them into one ultimate combine. That raised two separate fears: that the number of different magazines, in many fields, would be sharply reduced, and that far too large a share of printed opinion was being concentrated under one control.

The first fear is an obvious economic possibility, where some existing magazines are not earning their keep. Perhaps not even only then. A really cold-blooded "multiple publisher" of magazines, within particular fields of advertising, might be concerned with his combined advertising revenue rather than that of individual papers, and could think of the lot in terms of marginal revenue and marginal cost. Where he is generally under pressure from rising costs, as all publishers are today, he might consider whether closing one magazine, some of the advertising from which, if not all, he could capture in others, would reduce his total revenue as much as it would reduce his costs (including competitive promotion).

But it is worth noting that this may not hold good. There may be an incentive to keep two journals if advertisement rates for one cannot be raised sufficiently by killing the other. Again, the strong reader loyalty that each of two journals in the same field can command may prompt caution in killing either goose: advertisers may feel it is as imperative to advertise in both; and two established papers in a field may deter the always potential newcomer more than one, even a thicker one, would. There are innumerable variants on the economic circumstances of a magazine: there is much room for cross-subsidisation in a combine; and magazine publishers, like other entrepreneurs, are not simply economic men.

OVER-MIGHTY control of opinion? It perhaps depends what you mean by opinion. Certain magazines—such as *The Economist*—live by supplying, basically, opinion alone. These have not so far been engrossed, and it may be that publishers in this field, some of whom possess opinions of their own, will generally tend to find one platform enough: so long as, or rather not much longer than, that one can make a profit. "General-interest magazines," in Britain, hardly exist (though one news-magazine plans to begin publishing this autumn); and few of the others, from *Woman* to *Nuclear Engineering*, are concerned with general opinions as such. It is not easy to say that individually these make any very direct contribution to "freedom of opinion" in the general sense—though the opportunity for unpopular technical arguments to find a platform is valuable in every industry, and the plethora of advertisements in the women's magazines, at any rate, is a constant reminder of the consumer's real freedom, in our society, to prefer brightness to whiteness.

When a publisher speaks of any magazines in the respectful tone that indicates a valuable property, it should be added, he is almost certainly talking about one written for women by women. Out of perhaps 2,000 journals published in this country, only 73 come into this category and among those a bare half-dozen matter. Other kinds of magazines make money: personal fortunes have been built on the most unpromising-looking publications and can still be made by a man with no assets beyond the nose for a good title. But it is the women's journals that have changed the

pace and the whole structure of magazine publishing. The hand that rocks the cradle also rules the presses. It was to get into this business that the Daily Mirror group bought the dreamy, dozy business of Amalgamated Press roughly two and a half years ago. To block the Mirror's further expansion, Odhams Press bought up both the Hulton and the Newnes magazine publishing businesses. And then the Mirror bought Odhams. The Mirror's Fleetway-Odhams group still owns little more than a third of the magazines written for women but that included every one of the seven key weeklies (now to be reduced to five).

The seven, *Woman's Day*, *Own*, *Illustrated*, *Realm*, *Weekly*, *Mirror* and the beldame of them all, just plain *Woman*, are like nothing else in the whole of British magazine publishing. They have mammoth circulations; weekly sales of *Woman* touched 3½ million in its heyday and are currently just below 3 million; the combined sales of all seven are running at around 11 million copies a week. All but one, *Woman's Weekly*, are colour gravure printed, involving the publishers and other printers in considerable investment in cylinder etching and colour printing facilities. When one of these magazines sneezes, the printing industry gets a nasty cold. When two, with a combined circulation of 1½ million, close simultaneously, as *Woman's Day* and *Woman's Illustrated* are doing, pneumonia sets in.

IN other sections of magazine publishing, circulations are generally smaller and even the most successful tend to be well below the million mark—the freak exception being the *Radio Times* with 6½ million copies weekly. Medium-sized production runs do not tie up presses over an entire week, as the big women's weeklies do. There is less difficulty in starting a medium-sized magazine and less widespread disruption when one dies. Occasionally a violent change of climate kills off an entire species, as television killed the general illustrated magazines. But other industries expand and they need their specialised trade journals; and trade papers are perhaps multiplying faster than any other kind of periodical.

And the reason? Technical papers serve a specialised readership and unless (and sometimes even when) they are exceptionally bad, these papers can be indispensable both to their readers and to their advertisers. Among the bigger money makers, perhaps, are those with a very large retail audience, such as *The Grocer* and *The Ironmonger*. But any new industry or a new technology means sooner or later a specialist journal serving its interests. As the industry grows, it becomes able to support not one, but perhaps two or three trade papers. There are, for example, not only several general farming papers but one dealing exclusively with farm chemicals.

Trade papers are sponsored by several large groups, notably Iliffe, Tothill, Temple and National Trade Press, and Newnes—all swallowed up in the Fleetway-Odhams group—but this is *par excellence* the field for the small and the new publisher. Even now the Mirror group owns fewer than 8 per cent of the innumerable trade journals in circulation. The majority are produced by small publishing houses with perhaps a dozen periodicals, like the Leonard Hill group founded by its owner and specialising mainly in chemicals. The more specialised the paper, the smaller its circulation must be; some never expect to sell more than 2,000 to 3,000 copies of a single issue. This does not, however, make the journal any less useful to prospective advertisers—the more esoteric the trade, the more they depend upon it. Sales revenue may be

insignificant, or even nil; quite a number of papers are sent free to a selected, expert audience for advertisements. This kind of journal can be launched by anyone with sufficient knowledge of a given trade and a printer willing to give credit.

The publisher after bigger game—and bigger income—needs a mass market to attract the advertisers out of whom he hopes to make a profit. This means producing a magazine lavish enough to catch the eye and cheap enough not to hurt the pocket; the selling price may not cover as much as a third of the cost of producing the journal. It may not cover even the cost of the paper in a large colour gravure weekly. The consequent degree of dependence on advertising is the reason why next month two magazines selling three quarters of a million and nearly a million copies respectively will cease publication.

THE Daily Mirror group engrossed all seven, fabulously successful, women's weekly papers; fabulously successful, that is, measured just in terms of circulation rather than of costs. These papers all conform fairly closely to the editorial formula laid down by the most successful of them all, *Woman*, and in this may lie their undoing. Not because readers are tired of the formula; but because advertisers have discovered that there is so much duplication of readership they can reach very nearly as many devoted readers by advertising in the two most successful as they would if they advertised in all seven. By paying £4,580 and advertising in the two biggest sellers, a company can hope to reach half the women in the country, after making certain guesses about the number of times each copy passes from hand to hand. By spending another £3,000 and advertising in six papers, the advertiser will on this calculation still only reach another 10 per cent. *Woman's Illustrated* and *Woman's Day* are said to have been losing thousands of pounds a week in spite of their big circulations because they were the smallest of the big seven. Such is the fate of a little frog in a big pond.

If one wants to keep such a magazine going, one way may be to raise its selling price to make it less dependent on advertising; but publishers are wary of price increases that might affect circula-

Newsprint

AS the price of newsprint since before the war risen out of proportion to the prices of other commodities entering into international trade? The current price of newsprint from mills in the UK is £58 5s. a ton which compares with the price in 1938 of £11 5s.—something over five times as high. Over the same period other commodity prices as measured by Reuter's Index have gone up about three times. This comparison, however, can be argued to be unfair: 1938 was a very depressed year for newsprint prices which, from peak levels following World War I had declined almost continuously till in 1938 they were little higher than in 1914. Between the end of 1931 and 1938 the Reuter index showed an increase of about 40 per cent for other commodities: this did not extend to newsprint. A further complication is that the standard weight of paper, on which quotations are based, have changed.

Since rationing of newsprint was finally abandoned in the later fifties, newsprint from British mills has tended to be some-

what higher in price than imported newsprint. As between the two major sources of import supply, Scandinavian newsprint is cheaper than Canadian and both are cheaper than the home price.

In 1960, for the first time, the consumption of newsprint in this country exceeded its pre-war level of 1.2 million tons. Over half of this was supplied by five mills in the UK. The most important of these is Bowaters with an annual capacity in this country of 500,000 tons. Pulp to supply this capacity comes in large measure from the company's groundwood mills which operate to a significant extent on home-grown wood. Bowaters is often thought of primarily as a newsprint producer; yet the emphasis of its policy has been as much on the diversification of products as on the expansion of existing capacity. About 50 per cent of the company's output in the UK is newsprint: the proportion for the group as a whole is 60 per cent. In all upward of 40 per cent of the newsprint consumed in this country is produced by the Bowater Group of companies, and some of their output abroad comes here too.

Following the acquisition of the Imperial

THE ECONOMIST SEPTEMBER 9, 1961

tion and frighten away even more advertisers. An alternative would be to differentiate the surviving magazines more sharply and write each one, as the trade papers are written, with a different group of readers in mind. One existing women's weekly is not produced in colour, but in ordinary letterpress with a subdued lay-out that flouts every modern theory of magazine production. Yet this button boot among the stiletto heels sells a steady 1½ million copies a week to a devoted readership.

But for what specialised groups among the feminine reading public ought the magazines to aim? Teenagers are one group that comes immediately to mind; but neither the Mirror nor Odhams before the merger seemed to find the formula for attracting these volatile young women once they graduate from the *Valentine* and *Mirabelle* level. Odhams closed the teenage periodical it started: the Mirror keeps its own afloat only with a massive sales effort and lacks the sure touch shown by the National Magazine Company which successfully prints two monthly magazines directed at the teens and early twenties. A year or so ago this would have been attributed to shortage of colour gravure capacity to handle another mass circulation weekly: but the industry is now hoist with an embarrassing surplus of colour printing plant laid down a few years ago in anticipation of a switch to colour among the newspapers that has not yet materialised.

It is not too difficult to guess why no publisher has yet used this new plant to produce a colour teenage weekly. It is hard to see one reaching sales of a million copies a week; and no colour gravure weekly can survive on a smaller circulation than this. Without these sales, it will not get the volume of advertising that it needs to cover more than two-thirds of its costs.

The Mirror group may therefore be chary of tampering too much with the formula of the five mass circulation weeklies that will still be in print after *Woman's Day* and *Woman's Illustrated* have died this month, however much it might want to break out of the circle that ties advertising to mass circulation and mass circulation to the low selling price, which means in turn excessive dependence on advertising. But unless it does break the circle, there is no guarantee that the rot which killed off these two thriving papers will not set in again.

Paper Mill in 1960 from the Daily Mirror Group the newsprint capacity of A. E. Reed and Co. was increased by 50 per cent and is now in the region of 180,000 tons a year. The same transaction saw the transfer of the Mirror's 50.24 per cent interest in the Anglo-Canadian Pulp and Paper Company of Quebec. (The only instance of press control of an important part of the newsprint industry is the Daily Mirror Group's interest in A. E. Reed itself.)

The remaining three mills which are small and have not ramified into international connections, between them produce the balance of home output of about 60,000 tons. With the Reed and Bowater Groups supplying 60 per cent of Britain's requirements the industry might be thought to be a far cry from the ideal of perfect competition. Yet there is no evidence of price control. Newsprint is admitted duty-free, allowing full competition from major Scandinavian and Canadian producers. Imports in 1960 were considerably in excess of their pre-war levels, unlike domestic production which still lags behind. For the future, growth in imports seems likely to be proportionate to the growth in consumption.

THE ECONOMIST SEPTEMBER 9, 1961

Can Provincials Prosper?

THE provincial press in Britain tends to be, and is painfully aware of being, underestimated both in its influence and potentiality. It does not, the *Guardian* apart (and the fact that the *Guardian* will be printing in London and using the nationals' distributing facilities from next Monday has finally taken it right outside the purely provincial sphere), possess the reputation of the great American provincial papers or even of those in European towns like Toulouse, Munich or Milan. Yet despite the successful efforts of the nationals to penetrate into every outlying corner of the country, assisted by the establishment of their own printing and editorial offices in Manchester, Glasgow and Edinburgh, some "quality" provincials have hung on since the war, many of them with circulations below the 100,000 mark, to take their share of the growth of prestige advertising, the promotion of the more expensive consumer durables, and the classified advertisements that reflect both the property boom and the shortage of qualified manpower. This kind of revenue is much the same as that which has now brought prosperity to the classier national Sundays.

It is recognised, even by their severest local critics, that if the better provincial dailies were to disappear, life outside London would become distinctly less individual and more barren. No consideration of the economics of the British press as a whole can therefore ignore the primarily social desirability of encouraging this section of the provincial press not merely to survive as reporters of local news but to develop, wherever circumstances (chiefly distance from London) allow the prospect, a distinctive, independent and critical commentary on all national affairs. This is admittedly an ideal rather than a serious aspiration at the moment. The *Scotsman*, since its acquisition by Mr Roy Thomson, is the only paper outside London that has recently (and with limited success) attempted to advertise itself as a national organ of opinion. Both the *Scotsman* and the *Glasgow Herald*, like the *Western Mail* in Wales, have certainly some "national" importance in forming opinion. Of the others, the *Yorkshire Post* is probably the chief organ of Conservative provincial opinion that is recognised in London.

All the provincial mornings tend to suffer in status through their inability to provide a first-class foreign news service (although the *Glasgow Herald* shares, and thereby assists, the *Guardian* service). Costs will probably confine most of the others to agency stories of indifferent quality for the foreseeable future. Taken together, their chief contribution to innovations in the industry in recent years has been in mechanical and technical development. Distance from London has prompted pioneering in teletype-setting and picture wire transmission and, earlier, in telegraphic experiments. The *Liverpool Daily Post* is now giving its readers the doubtful benefits of four-colour printing. By and large, proprietors have been more inclined to invest in machinery (which stands out in any list of assets) than in intangibles like journalistic quality.

THE provincial press is a congerie of varying economic operations: hard and fast categories are difficult to draw. The morning papers are normally tied to a local evening paper (which was traditionally an asset but since commercial television began has in many cases become a liability). Evening papers, some with daily circulations of 200,000 or more, also exist independently. The small daily still persists (as in towns like Leamington Spa, Ipswich and Greenock) with circulations as little as 20,000: a circulation area of 100,000 population is now the rock bottom for daily printing. The vast and indeterminate field of bi-weeklies

and weeklies generally depends on a multitude of jobbing printing establishments in different states of solvency, although it is still just economic to produce small "chains" of local papers without other resources or diversification. The owner of one of these (six papers produced in rotation during the week by an editorial and printing staff of 20) admits that the personal effort required is almost certainly too great, and the return on capital too small, for anyone to go into the business now simply for the money.

THE chief provincial operations fall into three categories. First are large groups or "chains" represented by Thomson Newspapers (successors to the Kemsley dailies in towns like Aberdeen, Newcastle and Sheffield), the Westminster Press, Northcliffe and others. This class shades off into organisations like Berrow's in the west midlands (tied in with the *News of the World*) and D. C. Thompson in Dundee whose local daily, the *Courier and Advertiser*, is overshadowed by a Scottish Sunday (the *Post*) and a vast range of magazines and children's comics. Secondly, there are the more localised groups. Some, like George Outram and Company in Glasgow and the *Birmingham Post and Mail*, produce a quality daily and a large-circulation evening paper, and also control a series of local bi-weeklies and weeklies. More typical is the Norfolk News Company in Norwich, which publishes the morning *Eastern Daily Press*, circulation 59,500, the *Eastern Evening News*, circulation 62,000, and eight weekly newspapers with a combined circulation of 80,000, all from the one office. Thirdly, there are the single operations, varying in size from large-circulation evenings like the *Bristol Evening Post* and the *Wolverhampton Express and Star* to the smallest country weekly.

Diversification has a number of merits. The most profitable has been the plunge into television holdings, sometimes, although not necessarily, in the province where the newspapers are produced. The *Birmingham Post*, *Liverpool Daily Post*, *Scotsman*, *Glasgow Herald*, Norfolk News Company, East Midland Allied Press and Berrow's are all in this field, some of them openly to provide a cushion against setbacks in the newspaper industry. So far, however, only one quality paper, the *Scotsman*, together with its wilting evening stable companion (the loss on *Scotsman Publications Ltd.* was £227,000 in 1959), appears to have been actually sustained by television profits, but others could come to this in leaner times. There are signs that some "chains" are seriously attempting to bring in more collective advertising, and to make small savings by increasing the output of a central service of feature articles. Lower down the scale, local weeklies that are members of consolidated advertising schemes (offering reduced rates for advertisements appearing in perhaps twenty local papers) have their reservations about how far this can profitably be extended. They say they would not contract out of the schemes, but advertisers now asked to pay £300 for a group insertion are apt to shy off on the ground that sums of that order may be better expended elsewhere.

Financially, the past decade has brought several major and significant changes which do not argue for the prolonged survival of the weaker papers either against the development of existing or new advertising media or in conditions of local economic recession. The classic pattern used to be that the evening paper, with two or three times the circulation, kept the morning (or, at least, provided the profits if the morning only washed its own face). This is no longer true. Profits in both morning and evening papers now come less from circulation than from advertising. The *Wolverhampton Express and Star*, not connected with a morning

paper, provides the best available illustration of how the balance has shifted in the evening paper field in the past ten years:

	Revenue		Expenditure (including editorial, distribution, administration)
	Sales £	Adverts. £	£
1950	292,279	189,350	336,578
1960	502,618	913,751	1,097,828

The morning papers, with their smaller circulations (which are less vulnerable to increases in newsprint prices), are still getting the quality advertisements for the upper income groups without undue pressure, although much more "chasing" has to be done than in the past. They have little direct competition on their own ground. The evenings, on the other hand, are more liable to lose national advertising to television. Some still have to compete with rivals (although competition among evenings is rapidly being reduced to a few large cities): where this competition exists it can be ruinous in terms of distribution costs. Rival papers are known to send special vans fifty miles or more simply to sell an extra two dozen football specials in outlying villages on Saturday nights—simply to prop up circulation. One particularly revealing development has been the distribution agreement in Manchester between the *Guardian* and Thomson evening papers: others would certainly like to do the same, even if they are reluctant to admit it. Even where an evening paper is well established, like the *Bristol Evening Post*, with 95 per cent of its sale delivered to subscribers' homes or on regular order, it is thought that distribution costs will now prohibit the extension of the circulation area on anything like the scale of the past five years.

Although exceptions exist, there is still a strong economic compulsion to keep expensive rotary machines running twice daily. It now appears that Mr Thomson is undertaking a consolidation of this kind in Ulster, selling off the machinery of the morning *Northern Whig* and printing it on that of the evening *Belfast Telegraph*. The potential economies of this kind in other parts of the country are limited. Managements are generally uneasy about wages: some editorial staffs seem to have been cut, but there is a limit to the extent that this can continue without loss of quality in writing and technique. (Certain production and layout specialists, whom the older local journalism simply did not acknowledge, are liable to be expensive to employ.) In the past, the compositors and other production unions tended to force through favourable wage settlements for themselves at the expense of the journalists, or so

DAILY PAPERS: AN INTERNATIONAL COMPARISON

		Number of papers	Total circulation ('000)	Number sold per 1,000 population	Newsprint consumed per head in 1959 (kg.)
United States ..	1958	1,745	57,370	327	36.0
Australia	1957	53	3,655	381	27.9
Sweden	1958	128	3,438	464	23.1*
New Zealand ..	1957	42	854	383	22.4
United Kingdom	1954	114	29,100	573	22.1
Denmark	1958	145	1,614	357	18.3
France	1956	130	10,733	246	10.6
Belgium	1952	39	3,343	383	10.1
Norway	1958	80	1,298	368	9.8
W. Germany...	1958	473†	16,431†	300†	8.6
Japan	1958	97	36,656	398	7.7**
USSR	1958	472‡	31,454‡	151‡	1.6

* 1958.

† Number of papers excludes 690 regional editions but circulation figures include them.

‡ Including specialised daily papers; in 1956 there were 36 such papers with a combined circulation of 5.6 million copies.

** Excluding newsprint substitute Senka amounting to 0.7 kg. per head.

the managements were apt to claim. The closure of some provincial papers has eased the scarcity of compositors in the provinces. But firms that have to accept nationally-negotiated wages believe that conditions vary so widely that the case for local agreements ought to be recognised by the unions if the smaller and weaker operations are to continue in being at all.

Newsprint has been a serious problem, emphasised by the rising sizes of papers, but the pegging of circulations that is now going on to meet distribution costs may ease this situation. Local papers would like a sliding scale in newsprint prices, just as the Press Association gives preferential treatment in its rates for news coverage to smaller papers. (Even PA rates, however, are an issue in some quarters: the smaller dailies claim that they cannot afford to put on readership because of the higher agency rates.) New machinery is a headache for all but the most prosperous organisations (an example of the kind of calculation involved is the *Birmingham Post*'s present plans for capital expenditure of £5 million, including £2 million for new rotary presses). Smaller papers get the cast-offs; there are murmurs in this sphere that manufacturers' prices for the replacement of parts are unnecessarily high and deserve looking into. The larger organisations which customarily occupy good sites in the centre of the bigger provincial cities are awake to the present prospect of realising site values, and plans are under way for movement of plant and offices into the suburbs.

THE chief difficulty right down the line is the provincials' vulnerability to advertising changes. The possible creation of a network of commercial radio stations therefore presents a new opportunity to the stronger and prospective disaster to the weaker papers. The *Bristol Evening Post* is an example of a go-ahead local organisation that is ready and anxious to enter the local radio field if the chance comes. Others have made more hesitant noises. If commercial radio is introduced it is liable to mop up a good deal of local shop and similar advertising from the weaker local papers, including the evenings. If the American pattern is a true guide, there will still be an opportunity for the stronger ones to benefit from massive supermarket and other advertisements which the housewife likes to pore over, and to which her attention is drawn by radio advertising. The same is equally true of used car advertisements and consumer durable bargains of all kinds. If the control of commercial radio were to be handed over to the local press wherever it applies, with suitable credentials, for a franchise, the interdependence of the two media for advertising purposes would then be satisfactorily established as far as the press is concerned. (The radio stations themselves would almost certainly need the press's news-gathering facilities.) Certainly those papers that could not get a franchise would suffer heavily.

The question of public policy is whether or not such a drastic rationalisation of the provincial press should be encouraged anyway. The chief merit would be that it would assist in the formation of stable and comprehensive groups, ideally running a quality morning paper, a large-circulation evening paper, and a group of local weeklies, and possessing the major or minor television franchise for the province and the local radio station for the group's big-city headquarters. If the quality provincial press has to be mildly subsidised in order to fulfil a positive social function it may be thought preferable that the spreading of costs should be done in this way, chiefly in the hands of local companies, instead of through the development of more national "chains". Short of a technical revolution the alternative to being kept or cushioned could be, in some fairly distinguished cases, eventual extinction. The survival of the small, independent local weeklies will continue to depend, as it has always done, on situation, accident, proprietorial whim and managerial efficiency, for which no broad prescription can ever be laid down.

THE WORLD OVERSEAS

Triumph and Struggle in Saxony

FROM OUR SPECIAL CORRESPONDENT

FROM his hotel, decadently abed three hours after the trams have started—in Leipzig they are under way at 4.30 a.m.—the western traveller equipped with a transistor radio can quickly pick up what the regime is aiming at and what it would like everybody to know. The little box that elsewhere nets a medley of voices here catches only two, both east German—the Deutschlandsender and Radio DDR. Should he twiddle the nob in search of another point of view, let alone a few more facts, the listener runs promptly into an impenetrable cacophony. Jamming, the locals say after a sharp look round, has become more violent, especially on the west Berlin wavelengths, since Herr Ulbricht immured east Berlin on August 13th.

And so the aural picture emerges, swiftly and uncontested, of a regime intoxicated by the near prospect both of a peace treaty that will powerfully legitimise the existence of two German states, and of negotiations that will "wholly neutralise" west Berlin. These days all events are being orchestrated by hook or by crook into a triumphant east German state symphony—the presence in the country of Major Titov, the current arch-symbol of communist technical superiority, the neutrals' deliberations in Belgrade, Dr Adenauer's parochial electioneering, and lastly (for once) the Leipzig autumn fair, where co-existing foreigners—notably British Conservative MPs, one with splendid Tory whiskers—are in themselves exhibits along with the consumer goods that both East and West seem to covet, more than anything else, in common.

Subsequent talks with party officials and ordinary citizens confirm this first impression and introduce some interesting details. The east German political leaders, who have not been competitively elected and still have a long way to go to win the hearts of the majority of their subjects, are moving heaven and earth to prove that their Democratic Republic is worthy and capable of sovereignty. Unhappily for the finer arts of wooing, they are perforce still primarily concerned with elementary economic and political security. They have had to promulgate yet another state of emergency to make the most of the last few days of sunshine for bringing in a below-average grain harvest. This week and last, able-bodied town and country folk, and all suitable vehicles, were expected to turn out and lend a hand where hands have fled. The head of the state planning commission, Herr Leuschner, has warned representatives of that dehorned steer, the east German federation of trade unions, that this year's industrial output is so far disappointingly short of the target, particularly in the heavy engineering, electro-technical, and building industries. This lag is affecting in turn the production of many of the comforting props of daily living. For some years yet, Herr Leuschner said, the shops would not be as interesting as the authorities had hoped they would be.

Some east German business men at Leipzig attribute the republic's slow economic recovery as much to the continuing lack of materials of the right quality as to the flight of labour and skill.

It is this, they explain, that is largely the cause of the frequent mechanical breakdowns, the delays in delivery, and the ubiquitous shoddiness that is so depressing a feature of the east German scene—the clothes that lose their shape after the first cleaning, the leather bags and brief cases with tawdry metal fittings, the envelopes that hardly hold together through the post, and scores of similar daily irritants. Apparently it is chiefly in the hope of overcoming this shortage of materials that the regime is still by word and deed encouraging trade with the West, while continuing to abuse western politics with a vehemence and misrepresentation that would be funny if it were not downright wicked; many of the younger communists are themselves thoroughly ashamed of it.

AN ingenious mosaic depicting Dr Adenauer, Herr Globke and "their nazi generals" on the point of launching an atomic war, with the support of Nato, in order to smash east Germany's "social achievements" and reconquer east Prussia and Silesia, is constantly presented to the public in justification of the regime's interference with their liberties. In addition to the sealing of the frontiers, this includes the further mobilisation of youth, both in the armed forces and in *ad hoc* gangs detailed to settle such matters as the education of "traitors" whose television aerials look westward. Many hundreds of citizens have been sent to prison during the past month for having openly questioned the veracity of the regime's propaganda or the morality of some of its acts. Because of the shortage of labour, sentences are usually short compared with previous practice, and are served productively. Everybody capable of working is being somehow roped in. At Leipzig during the fair you may find that your lift boy is normally a theological student, your waiter a commercial artist. The dearth of willing administrative skill and experience is being felt acutely.

One curious consequence of the wall barring access to west Berlin has been a substantial drop in the number of married women volunteering for part-time work in east German factories. Many have given notice, employers say, because they can no longer spend their earnings on the little extras that were procurable in one way or another only from west Berlin. They are being scolded by the party for such basely bourgeois conduct, and the "work-shy" are being warned that they will find themselves being taught to mend their ways in a labour camp. But the majority of the population are co-operating, for the most part meekly, with the regime, being decent to each other, refusing to respond to the party propagandists' frenzied calls alternately to hate and adulation, and hoping gamely that a more magnanimous and stimulating climate will develop with time. They are disappointed that there is in each district only one list of candidates for the "election" next week-end (September 17th) of town and village councils. But the optimists remind themselves that payment even of mere lip service to democratic procedure may be an augury of future grace.

The Non-Aligned Out of Step

FROM OUR SPECIAL CORRESPONDENT IN BELGRADE

TWO motionless hieratic figures, the Emperor Haile Selassie and Archbishop Makarios, brooding of eye and gravely bearded, sat like guardian images on either side of the speaker's stand throughout most of the five gruelling days of the non-aligned countries' summit conference in Belgrade. In the small hours of Wednesday morning, when the young King of Morocco, invoking the Prophet and praising Marshal Tito, formally closed the conference, they were still in their places. But beside the Cypriot president now sat the Congo's new prime minister, Mr Adoula, with the more celebrated Mr Gizenga behind his shoulder. These newcomers had flown into Belgrade in time to make two uneasily contrasting speeches on Tuesday. From ancient majesty, orthodox faith, and taut young nationalism, thus juxtaposed, the Belgrade conference blended its uniquely rich flavour.

As at other summits, personal prestige was here in grave hazard. The heads of states and governments included seven monarchs and princes; revered figures in four religious systems; the secular but also revered prime minister of India, throwing his great weight boldly into the scales to tip them as he saw fit, and among the leaders of revolutionary regimes, two generals and two marshals—one being the be-medalled Indonesian president, who daily tossed his baton upon the round table. Marxist Belgrade respected each older faith. Its Bajrakhi mosque, freshly restored, welcomed robed dignitaries daily and President Makarios found time to preach in the cathedral on Sunday. But there was scant time for secular pomp. Social occasions were abandoned, curtailed or ill-attended as the conference's hardest taskmaster, its five-day timetable, flogged it on through the sticky heat. Apart from Mr Nehru's iron resolve to keep his Moscow appointment on Wednesday, other delegations were also so bent on swift departure that they were in the air only a few hours after the late night closure. And the hard-driven notabilities were observed morning and night by roaming television cameras, ever liable to betray a fidget, a mopping of a sticky brow or too often a doze. By the end, their worn state was plain to see. Yugoslavia's federal assembly hall had become a pressure chamber for the testing of both physical and political stamina.

The Soviet nuclear bangs which, announced on the eve of the conference, became a grimly rhythmic accompaniment to it, did noticeably little to increase the pressure. First reactions were generally sorrowful and some were sharp, but the roar of Russian bombs seemed to fade quickly in the stuffy conference chamber. True, they aptly punctuated Mr Nehru's challenge "not to talk about other subjects . . . while the world goes to its doom," and helped to gain easy acceptance of his proposal to send a special peace appeal to Messrs Kennedy and Khrushchev and the heads of other governments. But the tone of the conference's joint declaration was almost tranquil about nuclear tests, allowing for the possibility that their cessation would be negotiated either separately, or in the tortuous context of general disarmament. If Mr Khrushchev's burst of frightfulness neither greatly alarmed nor greatly alienated many delegates, however, Yugoslavia may be reckoned an alarmist exception; Marshal Tito's last minute insertion into his conference speech of a claim that "we could understand" Russia's motives, after his spokesmen had dubbed the Soviet move as "deplorable" in public and "brutal" in private, has been followed by discreet Yugoslav indiscretions to the effect that Mr Khrushchev needs bolstering against a potential military take-over bid in Moscow.

Although the joint declaration, as read out in the conference chamber at two a.m. on Wednesday, was a hurriedly botched together affair whose rough joinery told the tale of several deadlocks resolved only around midnight, most of its content had been

predictable long since. The omissions were its most conspicuous feature. Iran was not mentioned in the catalogue of "colonial" issues; Guantánamo was the only military base named, and with diplomatic restraint at that. The call to countries maintaining foreign bases to "consider seriously their abolition" was made in notably politic language; Dr Nkrumah's demand for a fixed deadline for the final elimination of colonial rule was itself eliminated. The elliptical phrase about the restoration of the rights of Palestine Arabs was the outcome of a tense struggle up to the last minute between the Arab proponents of a flat condemnation of Israel and a still tougher resistant group headed by Burma and Yugoslavia.

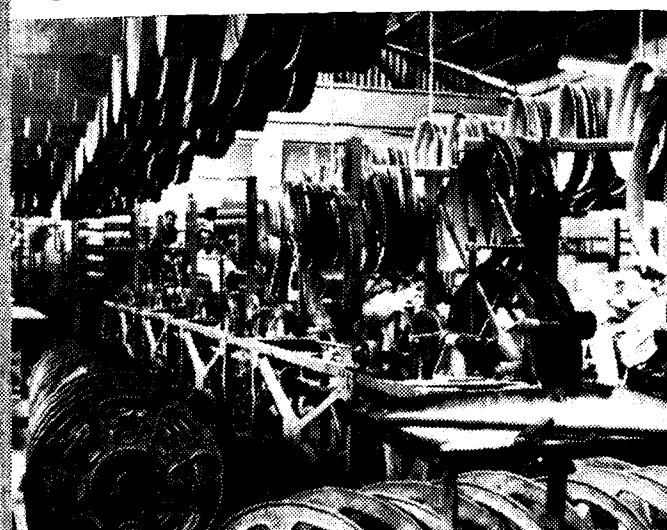
The passage on Algeria reflected the precision of the impressively terse speech delivered by Mr ben Khedda, the new and very self-assured Algerian leader whom the conference had suddenly found itself welcoming while his fallen predecessor, Mr Ferhat Abbas, lingered in Zagreb. Mr ben Khedda received the recognitions of his government showered upon him during the conference by Yugoslavia, Afghanistan, Cambodia, Ghana and the Congo as tranquilly as he broke ranks with his fellow Arabs by speech-making in French. (His impregnable indifference in that respect paralleled Mr Nehru's ability, after enduring several harangues on the independence struggle from non-participants, to speak casually of "anti-colonialism, anti-imperialism and all that" and then to add that "all our lives"—pause and brisk look round—"the lives of most of us present" had been spent in that struggle.)

The brevity and vagueness of the joint declaration's reference to the reform of the United Nations secretariat was matched only in the reference to Germany, likewise relegated to the very end. But the vagueness about the United Nations did not conceal any hidden lobby for Mr Khrushchev's troika plan. Mr Adoula's pointed reminder that a veto-ridden troika would have blocked any practical action in the Congo was not really needed to rally the Belgrade conference's massive opposition to Mr Khrushchev's formula.

IN contrast, the almost off-hand appeal against any use of force or threats to solve the German or Berlin problems was all that remained after the failure to find any substantial common denominator. Even setting aside Marshal Tito's exceptionally severe strictures on western Germany, there was too much divergence between the proposals Dr Nkrumah brought back from his tour of the Sino-Soviet world, Mr Nehru's stress on solid guarantees for free access to Berlin, Archbishop Makarios's warning that west Berlin must not become a concentration camp, and other disparate views. No reference to a peace treaty survived to please Moscow's ear, nor any consensus even in principle about facing the reality of a divided Germany, a tricky formula for Arabs who have not faced the reality on their own doorstep. There is no expectation here that even those members of the Belgrade group who stressed the need to recognise reality will in fact themselves recognise Herr Ulbricht at any early date.

The conference's rejection of several ill-considered proposals that were laid before it is clearly to be welcomed. But the net outcome, although balanced enough to protect the Belgrade group from any serious charge of veering toward either block, is rather sadly flat after so much expense of effort. Apart from the personal appeals for peace that are being made in Moscow and Washington, the impact of which cannot yet be assessed, no original initiative emerged from the conference; nor is there any suggestion of a coherent follow-through on a working level. Mr Nehru's warning of public disenchantment if the making of speeches is followed by no constructive action for peace was a necessary irritant, but did not suffice to stem the tide of further oratory—if that is the right word for the conference's main occupation of its time, a succession of readings of prepared texts addressed not to the squirming captive audience of potentates in the conference

How Mitsui Builds World Trade



Developed jointly by Mitsui and Ceylon industry, the fast-growing Associated Rubber Industries, Ltd., in its first year accounted for 50% of the bicycle tire and tube sales in Ceylon.

JOINT ENTERPRISES. The investment of Japanese capital and technical skills in the manufacturing of rubber products in Ceylon is another example of how Mitsui joins with local industry to promote economic growth. As one of the world's largest trading companies, Mitsui knows that joint ventures can save local outlay of foreign exchange and speed industrial development.

DIVERSITY OF PRODUCTS. All of Japan's quality products are available through this big trading company. It maintains close contact with hundreds of leading firms to give you quotations based on an intimate knowledge of the current market.

GLOBAL TRADING NETWORK. There are 40 Mitsui offices in Japan and 73 offices and affiliated companies in trading centres around the world. They can answer your questions. Perhaps Mitsui can lower your cost of doing business with Japan.

the world trades with Japan through **MITSUI & CO., LTD.**
Tokyo, Japan
P.O. Box 822 Tokyo Central Cable: MITSUI TOKYO

London Branch: 2nd Floor, Bucklersbury House,
83 Cannon Street, London E.C. 4



What—no patter of tiny feet, Fortescue?

No, Sir Henry. But this unusual air of peace and quiet in the old School does not denote half term. The little fellows are in class as usual.

Strange. In my day the place was a hubbub of sound from dawn to dusk.

Times have changed, Sir Henry . . . and so have the ceilings. Do you not recall the last Governors' Report which stated that Cullum Acoustic Tiles were being installed throughout? They, as you should know, reduce unwanted noise to a minimum. Control sound, in fact . . .

Sound discipline, you might call it, eh, Fortescue!
The very thing for the younger generation.

For every generation, Sir Henry. Last year alone, Cullum sold and installed 2,000,000 sq. ft. of acoustic ceiling.

An impressive piece of addition, Fortescue. Cullum Tiles certainly pass every test—both aural and visual—with distinction.

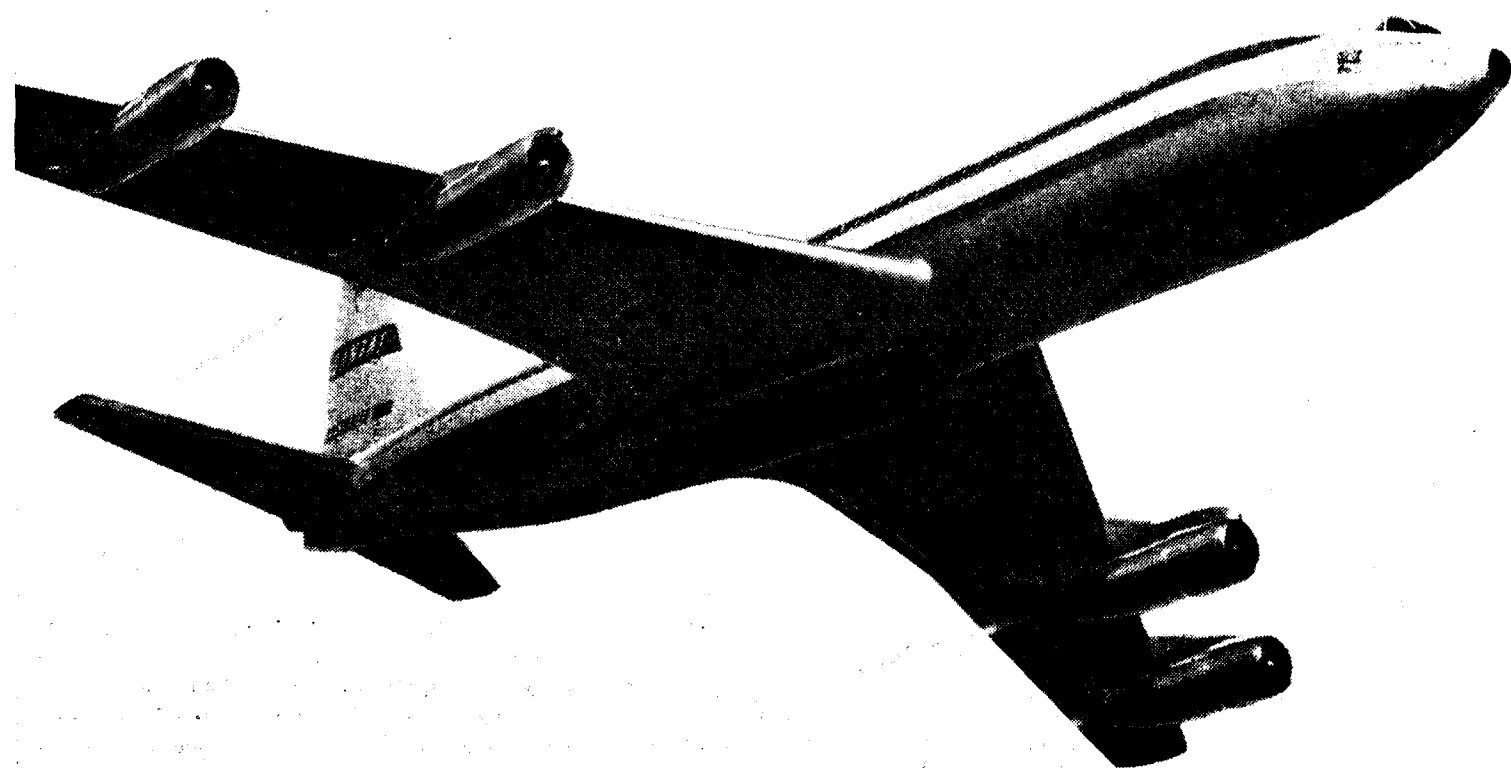


MASTERS OF SOUND

BRITAIN'S MOST EXPERIENCED ACOUSTIC ENGINEERS • SUPPLIERS OF ALL LEADING ACOUSTIC TILES

HORACE W. CULLUM & CO. LTD.
The Acoustic Centre, 58 Highgate West Hill, London, N.6 FITZROY 1221
DHB 6574B

QANTAS OPENS JET ERA 2



NEW
707 **V-JETS**

Most advanced jets in international service—starting September 25

Qantas, first with jets across the Pacific, now opens Jet Era 2 with the most advanced, most dependable jetliners in international passenger service. Representing a revolution in jet propulsion principles, these new Boeing 707 V-Jets take off quicker, fly higher and smoother, to provide the ultimate in transonic jet travel. Qantas is proud to be first to bring

you this wonderful new advance in international jet transport. The new Qantas 707 V-Jets commence operation on the London-U.S.A.-Australia route September 25, extending around the world in October. Book now. See your Travel Agent or Qantas, corner of Piccadilly and Old Bond Street, London, W.1. (MAYfair 9200)—or any office of B.O.A.C.

QANTAS
AUSTRALIA'S ROUND-THE-WORLD AIRLINE
Qantas, in association with Air India and BOAC

chamber, but to newspaper readers back home. This technique actually made the search for practicable compromises harder by publicly committing the participants to irreconcilably different platforms before they had had any private talk.

The Belgrade atmosphere was harmonious enough. But the group has now to face the question of its own future—and in realistic terms. Although India was far from alone on most issues, there was no hiding Mr Nehru's impatience with his more parochially minded colleagues' resentment over his demands that they should take a broader view. The fear of being dubbed a third block ought not to deter the group from developing workable mechanisms that would have it from drifting apart into purely selfish courses. Nothing is yet officially agreed about a second conference, although a Moroccan invitation has been given, but informal continuing contact through representatives at the United Nations is clearly in many minds. United Nations activities in the Congo and elsewhere have already shown some of the forms of practical service that the non-aligned nations can render to peace if they can subordinate their private interest to that of a greater cause. It is more likely that their unity and sense of purpose will grow through such arduous but invaluable practices than through an over-emphasis on verbal generalities; and if in years to come the colonial targets that now give them a natural focus dwindle towards invisibility they will need to start clarifying their aims soon.

The spectacular and predominantly Afro-Asian encampment on the bank of the Danube has given Yugoslavia a sizeable fillip and the communist powers a queasy turn—the symptoms of which are the astonishingly twisted reporting of the Belgrade conference in the Russian and Chinese press. The conference need cause the western world no anxiety if the West can see its own interest in not trying to cling to hopeless colonial positions and privileges, and recognises its own hopes for the world in Mr Nehru's remark at Belgrade that "we have to build in our own countries societies of free men, societies where freedom is real." Westerners need to stop either despising or idealising the uncommitted, to see that the voice of Belgrade is neither the voice of God nor of a treacherous siren, but the voice of human beings whose basic interests seem not unreasonably different to theirs. In Serbo-Croat "non-aligned" works out as "non-engaged," and the point about the Belgrade group is that they are otherwise engaged, preoccupied with the natural preoccupations of emerging nations.

The Economics of Mateship

FROM OUR CORRESPONDENT IN CANBERRA

THE Opposition in Australia is showing signs of life. One sign is that its federal executive recently took belated action to dissociate itself from communism in the eyes of the electors. It instructed the Victoria state executive—whose left-wing bias is a liability to the whole party—to enforce the ban on "unity tickets" (that is, how-to-vote cards on which Labour and Communist candidates in union elections appear side by side). Right-wing members of the federal executive, led by the deputy leader of the Opposition, Mr Gough Whitlam, had favoured outright intervention in Victoria to overthrow the pro-communists; but the leader of the party, Mr Arthur Calwell, fearing that this would cause yet another break-away, has preferred the milder course of putting the Victorian party on probation, as it were, for a month. The trouble is that this will make less impression on the voters than the more dramatic course of expelling the left-wing leaders would have done; nor is it likely to win back many votes from the anti-communist, splinter Democratic Labour Party, whose continued strength keeps Labour out of power not only in Melbourne but in Canberra, too.

There was, however, another hopeful sign for the Labour party in its long adversity in the reception given to the speech on the

Budget made by Mr Calwell on August 22nd. Here the leader of the Opposition was on a very good wicket, since employers, trade unionists and investors who have burnt their fingers are all united in resenting the "man-made recession" of the past year; but he was probably surprised to find his lavish election promises seriously discussed in the financial press as statesmanlike utterances. He said that if a Labour government were to be elected in the federal elections in December, it would, in order to restore full employment within twelve months, bring in a supplementary budget in February with a deficit of £A100 million. It would raise pensions and unemployment pay (which, even after the budget increase, is still only £A8 5s. od. a week for a man, wife and three children). It would establish industrial undertakings in competition with private enterprise; and, undeterred by high Australian costs and excess world tonnage, it would set up a national shipping line in order to save freight charges. These expansionary measures—which would certainly cost more than £A100 million—would not be allowed to plunge Australia into a new balance-of-payments crisis because a Labour government would restore import restrictions.

This programme has a wide appeal, promising as it does ease and comfort in the short run. Behind the double walls of import restrictions and tariffs, manufacturing industry would flourish; overfull employment would return; and Australian costs would get more and more out of line with those of the rest of the world. The only trouble would be that the exporter of primary products, on whom almost exclusively Australia depends to earn its living in the world, would be squeezed between the millstones of rising internal costs and world prices until he was flattened out of existence.

The present government, whatever is thought of its policies and their application over the past year, has had this long-term problem in mind; hence the removal of import restrictions in February, 1960, and hence the credit squeeze in preference to their reimposition. These policies have stabilised the internal price level, but have not succeeded in bringing costs down. There are in Australia too many built-in obstacles to prevent any progress in that direction.

The chief of these obstacles is that Australians will not tolerate any unemployment. The number of registered unemployed is still less than 3 per cent of all those of working age. (The Labour party says these statistics are false because the working population is taken to include self-employed persons, and because not everyone who is unemployed registers. On the other hand they do include married women who merely take jobs from time to time if and when it suits them.) Modest as the percentage is, Australian sympathy is deeply roused on behalf of families who, through no fault of their own, have seen television, washing machine and refrigerator disappear into the repossessioner's van, and on behalf of migrants who have left their homes and friends in the expectation of highly paid jobs, and who now find themselves languishing in reception camps on the other side of the world. The very warmth of that sympathy has exaggerated the extent of the recession. It makes it impossible for any government to permit unemployment long enough to cause a worthwhile redeployment of labour into the industries that can use it more usefully; one of those triennial federal elections is always on the way.

A by-product of this intolerance of unemployment is the ease with which a manufacturer threatened by competing imports can get help from the Tariff Board. Here is another built-in obstacle to a more economic use of Australian resources and a lowering of costs. Another is the extent of monopoly and restrictive practices, against which the government says it wishes to legislate; but it does not yet know how. Yet another formidable obstacle is the arbitration commission, which has said that it will in future adjust the basic wage annually according to the cost of living, reviewing it in the light of the economy only every few years.

These permanent obstacles make it difficult for any Australian government to deal adequately with the problem of rising costs

and the tendency towards an import surplus—both of which are endemic in an expanding economy. Whatever government is in power the next balance of payments crisis seems likely to bring back import restrictions since, of the other remedies available, a renewed credit squeeze might be more than flesh and blood could stand, and devaluation would be effective only until the arbitration commission had made its annual wage adjustment. The next crisis is certainly some way off. Imports in August for the fourth month in succession are below exports; wool prices have risen in the new season's auctions; stocks are high and the cautious budget has left importers cold. Exporting, however, will become more difficult if rising costs continue slowly to strangle the primary producer. Some of his markets—albeit not to the extent foretold by the minister for trade, Mr McEwen, in his more emotional moments—may vanish behind the common market tariff, and Asia provides an uncertain and largely uncreditworthy alternative. Overseas investment on which Australia relies to close a normally unfavourable trade gap may be diverted to the common market. And meanwhile a larger population will need more imports.

Look beyond the government's successful bombusting, beyond the "slow recovery" foreseen by the prime minister, Mr Menzies, and the old problem is still there. Its seeds lie deep in the institutions with which Australia has saddled itself and in the human attitudes—the very "mateship" so agreeable in itself—from which those institutions have sprung.

Revolutionary Democracy in Turkey

FROM OUR CORRESPONDENT

EVERYTHING that has happened in Turkey since the armed forces seized power on May 27, 1960, has been contrary to what one might have expected. In most revolutions the extremists throw out the moderates, gradually limit the real power to an ever smaller circle and finally install a complete dictatorship. In Turkey the moderates in the revolutionary junta ejected the extremists, then created a 270-man constituent assembly with which they shared power, and now are about to install a parliamentary regime under which there will be no place or function for the junta. Moreover, there have been no summary trials and executions of the deposed leaders. Mr Menderes and his colleagues have been tried at interminable length under the ordinary penal code, and this has proved so ill-adapted to the various crimes of which they are accused that the prosecutor has had the utmost difficulty in proving his main charges. Indeed, the trials have almost had the paradoxical effect of white-washing, or at least grey-washing, the tarnished Menderes regime, and have certainly done much to draw off the venom that had accumulated against the regime in its final days.

At Yassıada the final judgments and sentences will be given on September 15th. Exactly nine days later the election campaign will open. The elections will be held on October 15th. After that the National Unity Committee—the military junta—will hand over power to whatever government emerges from the poll and will itself cease to exist. This is the present programme, and it will almost certainly be carried out unless something quite unexpected happens. One possibility that would upset the timetable might of course be a violent popular reaction to the Yassıada judgment. Strict precautions have been taken against this. Martial law has been extended for three months in Ankara and Istanbul. (This means that the elections will be held under martial law.) Police leave in the Istanbul area has been cancelled. Most drastic, a complete ban on all discussion of the Yassıada trials, and by impli-

cation the verdicts, has been imposed. The outcome of the trials is still quite uncertain. Many people believe that there will be no death sentences so close to the beginning of an election campaign; blood and ballot-boxes go uneasily together. But the younger army officers, supported by a number of westernised intellectuals, are still said to be adamant for the death penalty.

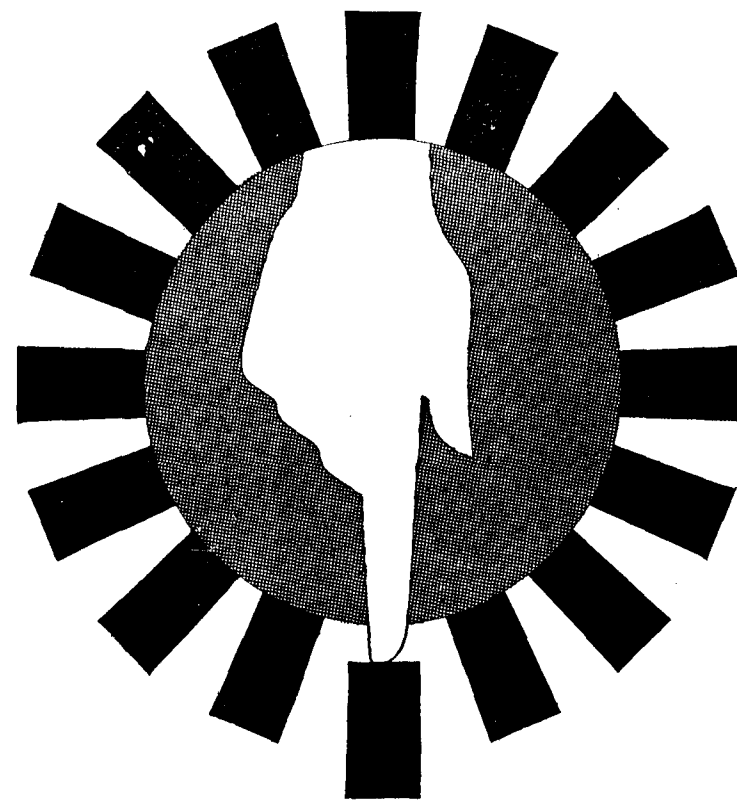
The result of the popular referendum on the new constitution held on July 9th was revealing. In a vote that was clearly one of confidence in the revolutionary regime, 38 per cent of the people calmly voted No. The army leaders equally calmly published the result. But the lesson of the referendum was not lost on anybody. It meant (taking into account abstentions) that nearly half the nation were either still attached to the Menderes regime or discontented with the present one. Moreover, as a sort of dummy run for the elections, it contained salutary counsel for the political parties.

Of the four main parties in the field, the best known and best established is the Republican People's party, which ruled Turkey for 27 years between 1923 and 1950. It is led today by İsmet İnönü, Atatürk's former comrade-in-arms; although now 78 and very deaf, he is a man of immense political experience and skill. But unfortunately, despite his unassailable eminence, Mr İnönü is a factor of discord rather than unity. And his party is hopelessly split into rival factions which attack each other continuously with appalling venom. Lacking any comprehensible programme, it has become a sort of pantechinon containing every shade of political thought from extreme conservatism to the fringe of communism. The divisions which were apparent in the party at the recent general congress, when Mr İnönü had to throw the weight of his personal prestige into the scale to avert a challenge from the former secretary-general, Mr Kasım Gülek, are unlikely to have improved its already diminished electoral chances.

The three other most important parties are the Nation party, which dates back to 1947, the New Turkey party, and the Justice party; the last two were created early this year. If any of these is to have any chance of coming to power, it will have to appeal to the supporters of Mr Menderes's suppressed Democrat party; there are believed to be some 5 million ex-Democrat votes going begging. All these, therefore (and even to some extent the RPP), have been faced with nice calculations of how close to the wind they can sail in promising the followers of Mr Menderes what they want. They thus tend to stand for the very programmes and policies for which the former prime minister and his party were overthrown.

THE Justice party seems to have gone furthest in this dangerous direction. Led by a former general who was retired in the massive army purge of August, 1960, it is a curious mixture of discontented retired army officers and ex-members of the suppressed Democrat party breathing threats of revenge for the May coup. The party appears to be well organised, especially in western Anatolia, the former political stronghold of Mr Menderes. Unless the three "neo-Democrat" parties can merge before the elections—which at present seems unlikely—they are bound to split the former Democrat vote; but it is not impossible, in a completely fair election, and if the RPP cannot pull its political socks up in time, that the three parties will between them win a majority of the seats in the new assembly. If they then formed a coalition government, it would almost amount to a return to power of the Democrat party, without its former leaders.

It is difficult to believe that the Junta, and even more the enigmatic army officers who are breathing down the necks of the members of the junta, would ever permit such a development. General Gursel has given several blunt warnings to the Justice party; but he has got such stout, even defiant, replies, that some people have begun to wonder whether the Justice party has not got some backers even inside the army. It also seems that some members of the junta



ELECTRONIC COMPUTER EXHIBITION

AND THE ELECTRONIC DATA PROCESSING SYMPOSIUM

NATIONAL HALL OLYMPIA London

OCTOBER 3rd-12th 10.30am to 7pm

October 3rd only NOON - 7pm Saturday 10.30am to 4pm

Visitors to Olympia can see a working demonstration of some of the most up-to-date electronic computers and ancillary equipment in the world. Britain's leading manufacturers will display their latest equipment, and experts on the various stands will be ready to offer information and advice about electronic data-processing of every sort. Whatever the size and nature of *your* business, here is an exhibition you cannot afford to miss. If you cannot attend yourself, you should at least send an observer.

THE ELECTRONIC DATA PROCESSING SYMPOSIUM

During the Exhibition a three day symposium will be held. Executives, well versed in computer techniques, will come from a wide range of concerns—both State and private enterprises—to give registered delegates the benefit of their user knowledge and experience. All six sessions will be informal, and a highly useful exchange of ideas and information will result. For further information contact Mrs. S. S. Elliott, M.B.E., 64 Cannon Street, London, E.C.4. Telephone: CENTral 771/2.

SEE THE NEW GENERATION OF COMPUTERS AT WORK



Aluminium makes things cheaper to own

Aluminium rides again —and again and again

The ideal traveller. That's aluminium. Always leading the way, especially to cheaper motoring. Cars are lighter because of it. Many commercial vehicles are made of it.

Aluminium's low weight, non-rusting qualities and resistance to corrosion have improved performance and reduced running costs.

Wherever you find it, in gear boxes, pistons, clutch housings, aluminium is hard at work saving fuel, maintenance and money. Wear on tyres, brake linings and engines is far less. All the aluminium in the picture is Alcan. Bon voyage!

1 To help you travel light, this aluminium scuttle panel—fitted between windshield and bonnet—weighs only 6 lb. 5 oz. It was made for the Austin Healey, by Boulton Paul Aircraft Limited.

2 This aluminium alloy crankcase forms part of the famous Gardner 6LW engine used by many well-known commercial vehicle manufacturers. The power-to-weight ratio of the engine is higher—because the engine is lighter. The crankcase was cast in Alcan Enfield alloy L.M.3 by L. Gardner & Sons Ltd.

3 We predict a long life for this aluminium radiator grille. It was made for the T.R.3. Aluminium alloys can be chemically brightened and anodised to give a finish as bright as chrome—but which lasts longer. Similar weather-tight and light-weight grilles are chosen by leading car manufacturers throughout Britain.

4 The Triumph Herald is fitted with a pressure die-cast clutch housing of aluminium. It combines lightness, strength, durability and economy. Birmingham Aluminium Casting (1903) Co. Ltd. made it for the Standard Motor Company, using Alcan Enfield alloy L.M.2. The grille is made of aluminium, too.

Alcan, backed by the finest research and technical facilities, can answer any question on the use of aluminium. Write to: Alcan (U.K.) Ltd., Aluminium Canada House, 30 Berkeley Square, London W.1. Tel: MAYfair 9721.



Britain's most widely used
aluminium—from Canada

ALCAN



have recently become seriously worried by evidence that the New Turkey party is coming increasingly under the influence of supporters of the Menderes regime. A sign that the junta is determined not to let the aims of the May, 1960, coup be jeopardised by the politicians was given on September 2nd when the constituent assembly passed an extremely severe law proposed to it by the junta; under this law persons convicted of offences against the revolution during the period immediately before and after the elections next month are liable to the death penalty.

Whatever government emerges from the elections it will have on its hands, not only Ataturk's unfulfilled westernising revolution, the bases of which have in recent years been shaken, but also a fearful backlog of neglected economic and social reform. A national government representing the whole country would in these circumstances seem desirable. But with all the party leaders treating each other as deadly enemies, one wonders how it could ever be achieved. In these conditions the ideas of the 14 radical officers dismissed from the junta last November, which can roughly be summed up as a reformist coalition under the aegis of the army, are coming back into fashion. Whether the 14 themselves will return before the election is still uncertain.

The latest move of the National Unity Committee has been to call a round-table conference of party leaders, newspaper editors and intellectuals which deliberated for five days under the watchful eyes of members of the ruling junta. On Tuesday members of the five main political parties who were attending the conference signed (significantly, in the presence of the three chiefs of staff) a joint undertaking to exclude from party polemics Ataturk's reforms, the verdicts at the Yassada trials, foreign policy and other basic subjects. This agreement sets very definite limits to Turkey's new democracy. Whether this imposed unity turns out to be real or artificial remains to be seen.

Canada's New Party

FROM OUR OTTAWA CORRESPONDENT

WHEN the Canadian Parliament resumed its protracted session on September 7th, the parties were faced with the problem of adapting their political manoeuvres to take account of a new factor, the New Democratic Party, which came into existence at a rousing convention held in Ottawa at the beginning of August. This new party replaces the old Co-operative Commonwealth Federation which achieved an honourable record as a minority party of the left without gaining power anywhere except in Saskatchewan. The Canadian Labour Congress has formally espoused the New Democratic Party, and an attempt is being made to attract wider support than the CCF ever got. With the help of the CLC headquarters and affiliating union locals, it seems assured of more solid financial support and a good deal of experience and ability in organisation. But it remains to be seen whether the elaborate arrangements to launch a new party mean much more than a boost for the old CCF.

The most important change may turn out to be the appointment of a new leader. Mr T. C. Douglas, who has been premier of Saskatchewan ever since 1944, has been induced to return to the federal scene. He sat as one of the original small group of CCF members who sat in Parliament from 1935 until 1944. He is a dynamic and wary political leader who is certain to make a considerable personal impact on federal politics. Trained as a baptist minister, he is one of Canada's best political orators and debaters; he has a wider range and greater humour than Mr Diefenbaker, and a crowd-catching appeal which Mr Pearson, the Liberal leader, lacks.

Mr Diefenbaker is said to be confident that Mr Douglas and the New Democratic Party will take votes from the Liberals rather than from his Conservatives. In one sense he is no doubt right.

But it is also true that both the Liberals and the NDP are fighting for the votes which Mr Diefenbaker won in 1958, which were not Conservative on any showing, but rather protests against the



Mr T. C. Douglas

Liberals' long rule. In this sense both of them must get votes from Mr Diefenbaker if they are going to get anywhere at all: both are working on the assumption that a good many of those who supported Mr Diefenbaker in 1958 are now disillusioned.

The irony, perhaps even the tragedy, of Mr Douglas's entry into the federal arena is that the policies which his New Democratic Party is advocating are almost indistinguishable from those which Mr Pearson has been trying to get the Liberals to adopt. Mr Douglas now says openly that he does not like to call himself a socialist

because the word suggests a doctrinaire belief in public ownership for its own sake, whereas he believes in the mixed economy with firm direction from economic planners. Mr Pearson, through his "eggheads" conference at Kingston a year ago and the formal party rally last January, has been trying to edge the Liberal party onto very much this same ground. It is significant that the NDP regularly parrots his open appeal to the "liberally-minded," with a small "l."

Mr Pearson and Mr Douglas both know that they could agree on a party programme between each other more easily than either can agree with some of their own supporters. But Mr Douglas and his supporters from the CCF and from labour cannot see the Liberal party in Mr Pearson's image: they see it in terms of the powerful business support which helped to keep Mr St. Laurent and Mr Howe in power. They say that both Conservatives and Liberals are fundamentally right-wing parties under the domination of "big business." Their avowed aim is to drive the "two old parties" together in opposition to the new "people's party" of labour and farmers and progressive thinkers.

The result may well be just what Mr Diefenbaker hopes, to divide the opposition vote and return him to power next year. Mr Douglas is quite aware of this danger. His reply is based, essentially, on two grounds. He claims, first, that on a long view the New Democratic Party provides the only hope of saving Canada from the fundamental political conformity of the United States. He finds it tragic that the Democratic-Republican power play provides no outlet for radical thought, and fears that Canada would lapse into the same state if it left the field entirely to Conservatives and Liberals. Secondly, on both short and long-term views, he believes that the Liberals could not beat Mr Diefenbaker. In spite of his respect and liking for Mr Pearson he does not believe he can overcome the public's continued mistrust based on "delayed resentment" at the pre-1957 Liberal record.

The present indications are that both the Liberals and the New Democratic Party may try to cover so wide a political spectrum that their programmes will be pretty amorphous. Mr Douglas has to consider a basically conservative labour wing just as Mr Pearson has his conservative business wing. This may increase the importance of the leaders' personal appeal, and Tommy Douglas with five feet six of bouncing energy, bubbling humour and shrewd political judgment is a formidable challenger for both Mr Pearson and Mr Diefenbaker.

HOME REPORT

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

Georgian Museum

BY OUR SPECIAL CORRESPONDENT

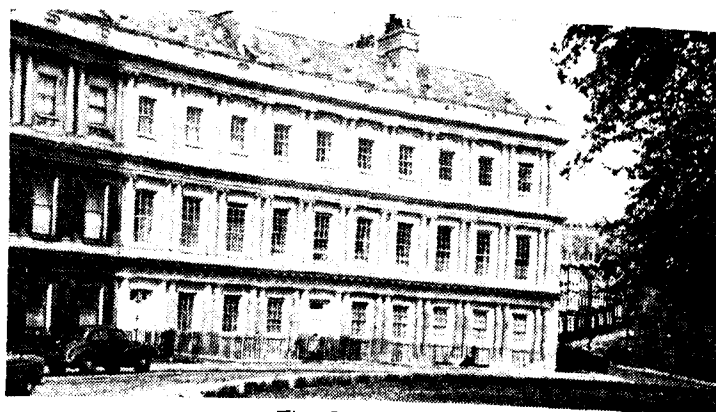
THE City of Bath's official tourist handbook opens with the words: "You will probably fall in love with Bath. . . ." It is no shallow boast. To one who has been long in conurbation pent, the tranquil, funicular splendours of this Georgian museum are irresistible. And swift capitulation to this enchantment has, of course, honourable precedent: Janeites will recall the devotion of the unsentimental Miss Austen to the city; and there were many more famous and infamous persons to whom Bath was the sovereign town of England. The key of its magic for them was the fashion under Beau Nash and the medicinal waters—but fashion is fleeting and antibiotics have taken from the mildly radioactive waters the regard in which they were held by polite hypochondriacs. The hard hearts of today are moved, however, by stone.

It is a miraculous accident that brick-clay cannot be found near Bath, and its building has always been in the serene pale stone on which it stands. It cannot be an accident that the 18th century produced so many architects of genius; nor that many of them chose to work in Bath. Of all of them the Woods, father and son, have left their mark most legibly: in an age when sprawl was the common mode of urban expansion, Bath was planned, with a vision and ruthlessness that would not be tolerated today; and they are to be thanked for it.

North of the city centre round the Abbey, the Woods's monuments, the Circus and the Royal Crescent, make even the rest of Bath look squat and pedestrian. The Crescent is a tremendous semi-elliptical sweep of triumphant grandeur; the Circus is a sustained exercise in formal gaiety—Mozart to the Crescent's Bach. It had, before renovation began in 1953, been blunted, much blackened and decayed by the iconoclasm of 200 years of soot and weather.

There is precedent for philistinism in councils of boroughs of Bath's size (population 81,000): but Bath is not as other cities, and praise is due to its wardens who, in 1953, initiated the rebirth of the Circus when the Historic Buildings and Ancient Monuments Act opened the Treasury's purse. They began by buying two of the Circus's 33 houses. The houses themselves were cheap at £2,800 each; but behind the stained facades were rooms of prodigious size, quite out of sympathy with current needs. They were amenable to conversion into flats, but this work, together with the restoration of the facades, was not cheap: it consumed £10,500 for these two houses alone, towards which the Treasury contributed £1,600, half the cost of restoration (the agreement provides for the other half to be shared between householder and council).

But the results were so good that many of the private owners were moved, or shamed, into applying for the council's and the Ministry's grants for the renewal of their own façades. Unhappily, too few of them were as faithfully preserved as those the council had first bought; and the inlaying, repair and resuscitation of their stone became, in the event, a most costly operation. Eighteen of the Circus houses (of which six, converted into low-rent flats, are owned by the council) have been restored since 1953; the owners of the remaining 15 have so far been unable or unwilling to find the £1,000 which is, on the average, their quarter share of the cost of transformation. The council has spent £53,000,



The Circus, Bath

and it waits, beneficently, with a further £50,000 for the remaining houses.

The process is slow; but the results are sufficient justification of long patience. Eventually the entire Circus will be as Wood the Elder designed it (he did not live to see it), and work will begin on the Crescent; and then on the Paragon and Pulteney Street, and Queen Square and the rest of the 140 listed historic rows and individual buildings which make up nearly all this golden city.

MUCH praise is due to Bath for this fettleing of its splendid armour against squalor and the hand of the estate-builder: for it is not a rich city. The Pump Room, where the rich once congregated, is sad and bare, mocked by trippers giggling over a glass of the waters (still tasting, as in Sam Weller's day, of "werry old flat-irons"); the Colonnade is empty of fashionable idlers, full of prams and teenagers; and Pulteney Bridge and Milsom Street are affronted with coffee bars. The visitors still come to Bath (it is second only to London as an attraction to tourists), but they are day-trippers; Bath still depends on them, but they are not great spenders.

Bath depends, too, on the presence of the Admiralty, whose 4,700 clerkly landlubbers could not now return to London without the most savage repercussions on the city's economy, which is unbolstered by any serious industrial development. Nobody will hazard a guess at the extent of the Admiralty's bounty; but it is certainly larger than the six per cent which its numbers suggest. Last year's rumours of a return to London shocked the council out of its complacent lack of an industrial policy (there are dangers in this cheerful conservatism), and an attempt is being made to attract to the city light industry of a cleanly and suitable kind. But the employment figures are significant of inbred white-collarism: over 50 per cent of the 33,000 working population is in non-manual employment (and many of them are women—41 per cent against a national average of 34 per cent). Distribution is the city's main occupation, nurtured by such events as the annual Festival, complete with organised orgy. The twin dangers of stubborn shabby-genteelism and raddled coquetry threaten.

In 1947 a plan for Bath was produced by Sir Patrick Abercrombie, a plan of great range and high ambition which provided for quite intensive industrial development. None of that plan ("Bath to be no Georgian museum-piece") has noticeably been executed; its high purpose, 14 years on, has all been dissipated. Love, it is said, is not blind: it sees more and forgives more. True: but even love, even for so noble an object, may wish that it would see to the remedying of its imperfections as it does to the gilding of its perfections.

Parched Prospects

BY A SPECIAL CORRESPONDENT

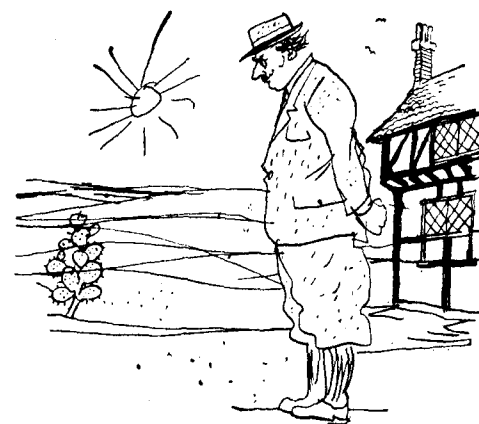
WHAT may be called the "technocratic fallacy" often crops up when water supplies are discussed. Some time ago a senior officer of the Ministry of Housing and Local Government told a conference that more development should be concentrated in the north of England because water was getting scarce in the south. Presumably he would have advised against ever building a city at Los Angeles—where enough water to service a city of three million people has had to be transported over several hundreds of miles.

The same sort of question, on a much smaller scale, has now arisen in parts of East Anglia. The report of the Ministry's hydrological survey of the Essex Rivers and Stour* makes gloomy reading for those who are hoping to be watering their lawns in Essex ten years hence. It is the first of these reports to conclude that local water resources have been developed almost to the limit, and cannot meet the expected increase in demand.

The population of the area covered (at present about 1,800,000) is expected to increase by 300,000 in the next twenty years, and consumption of water per head will also increase; in addition farmers would certainly use much more water for irrigation, if water were available. The survey concludes that perhaps 36 per cent more water is going to be required in this area by 1980. But, it says, the ground-water resources of the area are already over-used, and water levels are falling in many wells in south Essex. The chief technical possibility lies in the better use of surface water resources through the construction of new reservoirs, and 17 possible reservoir sites are suggested in the report. These could meet about a third of the anticipated increase in demand. Some additional supply could also be obtained by treating more water after use and returning it to the rivers, but the report suggests that this gain (if realised at all) may be offset by failure to build some of the suggested reservoirs, which are bound to encounter many objections from farmers and lovers of the countryside. In sum, the technical evidence clearly indicates that the water supply of much of East Anglia (which is a rather dry region) is already precarious, and that the bulk of any further demands must be met from resources located elsewhere.

This report itself sticks closely to technical facts, and eschews any policy conclusions; but others may easily draw the false inference that the growth of population in

* Ministry of Housing and Local Government. Essex Rivers and Stour Hydrological Survey. Her Majesty's Stationery Office. £1.



Essex and adjacent parts had better be slowed up. At public local inquiries, the water argument will probably find a place alongside farmers' objections to proposed schemes of development. Yet on every other ground the growth of both population and industry in this region seems very desirable, since East Anglia is the most "underdeveloped" area on London's doorstep, and since a better use of its port facilities would ease congestion around the London docks. Probably, indeed, the population, and hence the water requirements, of East

Post-fabricated Pre-fabs

FROM A CORRESPONDENT IN SOUTH YORKSHIRE

TO meet the critical housing shortage just after the last war, the Government erected some 157,000 pre-fabricated houses. Most were asbestos bungalows with an estimated life span of 10 years. Many of them are still standing—but only just. At £150 each they passed into the hands of local authorities five or six years ago: since then, deterioration has been rapid.

The Urban District Council of Hoyland Nether in South Yorkshire has found a way to preserve them. It has provided the pre-fabs with close-fitting jackets of brick, built new chimneys, strengthened floors and added many other refinements, all without displacing the tenants. Each conversion cost about £460: to build a new bungalow with comparable facilities would cost £1,300. Before this "cladding" the weekly rent of the pre-fabs was 14s. 7d. plus 5s. 3d. rates. After cladding tenants pay 18s. 4d. rent and 5s. 9d. rates. The buildings now have a guaranteed life of at least 25 years.

The council's virtue, quite apart from the merits of the scheme, has been its persistence: when it was realised that the plan to clad the 70 pre-fabs could not comfortably be attempted without obtaining a substantial loan, the project was almost strangled. The Minister of Housing and Local Government simply refused to entertain application for loan sanction. The housing committee decided to go ahead and

Anglia should grow more rapidly than the Ministry's estimates portend. There is no technical reason why sufficient water should not be brought into the area to meet a greater increase of demand; but there is an obvious danger that the water undertakings will move too slowly to anticipate demand, and that planning authorities will prevent development on spurious technical grounds.

All this has relevance to the new legislation about water which Mr Brooke has promised to introduce in Parliament next session. As Britain's problems of water use and distribution become more complex, the inadequacies of present administrative machinery become more obvious. Large cities like Birmingham and Manchester can go long distances to get the water which they need; but the medley of smaller water undertakings which exist elsewhere cannot operate on this scale and have to rely on local resources. The Ministry's technical advice is excellent, but its efforts at co-ordination, which should include co-ordination between surplus regions and deficit regions (like East Anglia), fall well short of what is needed. The parched prospects of Essex are a sharp warning against further delay.

clad one pre-fab; its surveyor drew up plans and the work was carried out, and its members applied again for loan sanction—and again it was refused. It asked its MP to use his influence and, finally, the Minister agreed to see a deputation.

The main props of its arguments were not only financial. It pointed out that its annual building allocation was in the region of 30 houses a year. The pre-fab tenants would have to be re-housed in new buildings, and the housing programme would be set back two years if pre-fabs were demolished. Loan sanction was granted, under the 1958 Housing Act, for £33,050, repayable over 20 years.

The council's 70 pre-fabs are almost completed now; but the speed of work depends on the building labour available. Progress was slow at first because the council kept one bungalow empty, into which it moved a tenant temporarily until his pre-fab was clad. Now, at their own request, tenants stay in their pre-fabs while workmen build around them. Bricklayers work at whatever speed they are able and joiners follow them along the line. No type of work is dependent on the other. Increased rents allow the council to put a substantial amount aside for future maintenance. Hoyland Nether's pre-fabs are now almost status symbols, and the council has had to turn down applications for houses it could hardly give away three years ago.



Airliners, transports, trainers, bombers, fighters, missiles,
...AND BRISTOL SIDDELEY



BRISTOL SIDDELEY AERO-ENGINE APPLICATIONS

Olympus turbojet powers...
 Avro Vulcan Mk 1 & 2 V-bombers
 BAC TSR 2 tactical/strike aircraft

Pegasus turbofan powers...
 Hawker P 1127 VTOL strike aircraft
 Fokker/Republiek VTOL fighter

Sapphire turbojet powers...
 Gloster Javelin all-weather fighter
 Handley Page Victor Mk 1 V-bomber

Orpheus turbojet powers...
 Fiat G 91 strike fighter
 Fiat G 91 T trainer
 Folland Gnat light fighter
 Folland Gnat trainer
 Fuji TIF 2 trainer
 Hindustan HF 24 fighter

Viper turbojet powers...
 De Havilland DH 125 executive transport
 Piaggio/Douglas 808 executive transport
 Hunting Jet Provost trainer
 Macchi MB 326 trainer
 GAF Fairey Jindivik target drone

Proteus turboprop powers...
 Bristol Britannia airliner
 Bristol Britannia military transport

Thor ramjet powers...
 Bristol/Ferranti Bloodhound guided missile

Gamma rocket engine powers...
 Saunders-Roe Black Knight space probe

Stentor rocket engine powers...
 Avro Blue Steel stand-off bomb

space probes—in service all over the world...

SUPPLY THE POWER

BRISTOL SIDDELEY ENGINES LIMITED—
one of the largest producers of motive power units in the world

CENTRAL OFFICE: MERCURY HOUSE, 195 KNIGHTSBRIDGE, LONDON SW7

AERO-ENGINE DIVISION: PO BOX 3, FULTON, BRISTOL, ENGLAND. POWER DIVISION: PO BOX 17, COVENTRY, ENGLAND.

LETTERS

Planning by Whom?

SIR—Your long article discussing how economic planning should be organised clarifies many of the problems. But in discussing the Chancellor's proposals for a National Planning Office, you remark that the idea seems to have taken root that this should be independent of the Treasury, and comment, "This may well be a mistake." I wonder whether you do full justice to the arguments in favour of independence.

The best organisational arrangements clearly depend on the job to be done. If it were merely a matter of a group of experts proposing (as at one point you suggest) an "assumption" about the future rate of growth—together, no doubt, with a breakdown for different industries—this might be as well done inside the Treasury as not. But the truth is that the Government is not well informed about the conditions of supply. The same would indeed probably also be true of any small, self-contained body of economists and statisticians working on their own.

Is not the crux of the problem this? We all feel that the past rate of growth of output, and of productive capacity, could have been better. If this belief is well founded, it follows that there are productive possibilities of which full advantage has not been taken. The first task in organising economic planning, before deciding on the "assumption" about future growth, should then surely be to find out what these possibilities are. This, in turn, would seem to involve rather detailed discussions with the people who formulate industrial plans: as you yourself suggest, not merely general discussions with the leaders of industry in a small top level committee, but more technical discussions than these could be, and on a much wider scale.

Such discussion would not of itself produce results. But it would mean that a plan could be formulated with a much better knowledge of what the reasonable maximum rate of growth was. As French experience suggests, it would also be an important stage in leading firms to make their own decisions in conformity with such an assumption. To help in this regard, also, it is widespread, detailed and technical discussions that seem to be required.

There seem to be several reasons for believing that discussions of this nature could be carried out best if the National Planning Office were partially independent of the Treasury; and thus located, as it were, half-way between the Government and industry itself. First, and perhaps most important, the discussions would only be fruitful if conducted in a spirit of confidence. This alone dictates that the organisation should clearly be shown to be, as far as possible, non-political; and that industry should be

as closely concerned as the Government itself in the organisation of planning.

Constitutional considerations also appear to weigh heavily in the same direction. Civil Servants are servants of their Minister, and he is answerable to Parliament for their acts. This necessarily imposes on them considerable restraint and discretion in their dealings with the public. But if planning were conceived as it is suggested above it should be, the Planning Office would not itself be concerned with decisions, but only with making proposals and preparing the way for decisions. The decisions would be partly for the Government to make—but partly, also, for industry. If the work were done by civil servants, they would not be acting in the capacity that most civil servants act in; and the traditions of the civil service—particularly strong perhaps in the Treasury itself—might be a positive hindrance.

These considerations appear to me, between them, very powerful indeed. There is also one minor point. You say in justification of your view that the "expertise" is "already vested in the Treasury." It is true that the Treasury—and the Central Statistical Office—possess the sort of expertise required to make statistical projections of national product. There is, however, no reason why the expertise should not be utilised by a separate National Planning Office—in the same way, indeed, as the Economic Section of the French Ministry of Finance prepares economic projections for the *Commissariat du Plan*. Here, as in other ways, the French system "has arranged," as you say, the "division of power rather well." It might be foolish, without strong reason, to discard what is perhaps the essential feature of that system—the semi-independent and non-political status of the planning organisation.—Yours faithfully, J. C. R. Dow
London, SW1

Filling Those Seats

SIR—Another interpretation of the figures quoted by your air correspondent in your issue of August 19th gives, I think, a more accurate impression of the present low revenue position of the North Atlantic carriers. Firstly, the increase of 87,000 passengers in the first six months of 1961 over 1960 has to be shared between two countries (Canada and United States) and at least twelve carriers, as well as being divided between six separate months of travel. The resulting 1,200 extra passengers per month, per airline, do not yield very much extra revenue when one considers the 47 per cent increase in capacity.

Secondly, about 75 per cent of this increase occurred during the first quarter of 1961, as shown in the accompanying table.

The increase in traffic was obviously due to the "17 Day Excursion fare" (lower than the regular fare by some \$120). Hence the increase in passengers is not a true measure of the increase in revenue.

	REVENUE PASSENGERS ('000's)		
	1960	1961	Percentage change 1961/60
First quarter	228.0	293.7	+28.8
Second quarter . . .	478.8	500.3	+4.5
Total six months . .	706.8	794.0	+12.3

By concentrating on the six months' comparison, your correspondent conceals an important aspect of the revenue status of the North Atlantic carriers. In spite of the admitted increase in charters, freight and mail business, the major source of the carriers' income remains regular schedule passenger traffic. There is no escape from the conclusion that the North Atlantic carriers are suffering from a "revenue slump."—Yours faithfully, D. J. SOLLY
Montreal, Canada

Rhodesia

SIR—What matters in Rhodesian politics are not the technicalities that your Salisbury correspondent and Major Wall dispute, or the inferences that they draw, but the attitude of the predominantly white electorate to African advancement. For it is on this that the future depends; it is the spirit not the letter of the law that counts. Over the last 14 years I have lived about half time in S. Rhodesia. Three years in India in the '20s, the days of swaraj, and a desk in India Office 1935/6 as PPS during and after the India Act, were educative on colour and sectional politics.

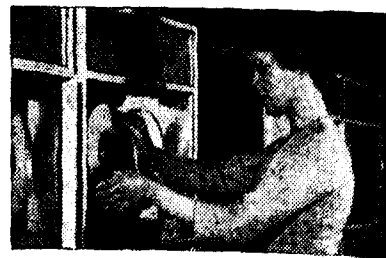
What I find encouraging in the Rhodesias—and I am backing my opinion by currently increasing my interests there—is the steady growth of a liberal attitude among Europeans, *pari passu* with remarkable economic advancement among those Africans in contact with them. This latter can be statistically assessed from bank and Post Office savings, house, land and vehicle ownership, and so forth. The European attitude can be measured by the voting in the 1953 and 1961 referendums when on analogous issues and almost identical opposition arguments, the illiberal vote fell from 40 to 33 per cent. Unlike other African territories that have lately hustled to self-government, the Rhodesias have vast and barely scratched mineral and agricultural resources to sustain and expand under their own competent leadership. It might seem strange how reluctant impatient liberals are to recognise the improvement that is taking place if one was not in a position to observe what a misleading picture emerges from much of the reporting in the British press—and deliberate distortion in sections of it.—Yours faithfully, ARCHIBALD JAMES
Pulborough, Sussex

WHY
HONEYWELL
IN
CONTROL?

they make things simpler

Honeywell know how to put simplicity into complex electronics. They have designed electronic computers that work from a language of simple words. They have taken 'the modular' idea from architecture and used it to re-design process controls as simple plug-in units. They have built a range of room thermostats without moving parts... Honeywell's ability to keep things simple and make them work automatically means faster output from offices, greater productivity in factories, more comfort in the home. This is now not simply a success story—it's a world wide tradition.

Honeywell Controls Work Everywhere



THE H-800—symbol of Honeywell's international leadership in electronic data processing—can do 8 jobs at once and correct its own errors unaided.

HONEYWELL CONTROLS LIMITED
Greenford Middlesex Wuxlow 2333
Sales Offices in the principal towns and cities in the United Kingdom and throughout the world.

Honeywell

H First in Control
SINCE 1885

SEGARD & CO

Wool

AUSTRALIA SOUTH AFRICA NEW ZEALAND
BUENOS-AIRES PUNTA-ARENAS

it
was
vital
in
1944

The Company's task?
To produce ten concrete caissons
each as tall as a five-storey building
and weighing 7,700 tons: each to be
towed across the Channel and sunk at
Arromanches to form a part of an
artificial harbour equal in size to that
of Gibraltar. This was the Company's
contribution to Mulberry Harbour—
with an unarguable completion date of
150 days from start to finish

it
is
vital
in
1961

For British industry in 1961 D-day
is today. The construction of modern
factories to a planned construction
programme with assurance of completion
on time is of vital importance

LAING

JOHN LAING AND SON LIMITED GREAT BRITAIN AND OVERSEAS

completion
on
time

The need for new factories to expand production demands that
construction shall be carried out rapidly and economically
to a planned programme, and the installation of costly plant
and machinery must not be delayed. The resources of the
Laing Companies all contribute to rapid and efficient
construction through detailed planning, mechanisation, new
operational techniques, and the development and use of
new materials. Completion on time we regard as an obligation
and not as a virtue

Who's Who in the Unions

Trade Union Officers

By H. A. Clegg, A. J. Killick and Rex Adams.

Basil Blackwell. 286 pages. 32s. 6d.

TOP trade union leaders are constantly in the public eye: television viewers are by now well used to the beetle of Mr Woodcock's wise eyebrows, Mr Carron's plump honesty, Mr Cousins's glittering socialist convictions, or Mr Foulkes's swift evasions. But how the unions function at their humbler echelons is to many people wrapped in mystery and suspicion: the authors of this book try to unwrap it.

Their purpose is to show who trade union officers are, to disentangle the knots of incomprehension that bind together in public disesteem the full-time officers, the branch secretaries and the shop stewards, who play their varying parts in the union orchestra. They try, by presenting the facts and by comparing practice in different unions, to provide some sound ideas for reform. This, unquestionably, is a book of worth: perhaps it is unfair to complain that worthiness here—as in so many fields of endeavour—rides hand in glove with dullness. This is not one for the general reader: but no doubt the valuable information it contains will filter through to him as it is pillaged by the commentators.

Perhaps what most strongly makes for dullness is the practical impossibility of generalising about the people who are here examined. Some unions elect, others appoint their officers, lay and professional; some unions grossly underpay their officials, others give them only a bit less than they would be able to earn in outside jobs; officials of some unions are well content with their jobs, others seem to provide sadly little grounds for satisfaction to those who work for them. Voluntary branch secretaries may or may not be paid for the work they do on union business. Shop stewards may or may not lose money through spending time on union work; others may have a handy source of income in unofficial lotteries and other fund-raising devices.

But it is a pity that the authors have failed to humanise this social survey; one would have liked to know just why it is that people are prepared to take on a job entailing so many kicks and relatively so few halfpence. Of course, there are intangible rewards: the union worthies who sit competently on borough councils and benevolent committees all over the country obviously benefit from popular esteem. It is a shame that the book makes no attempt to evaluate the amount of public work outside the unions done by those active within them: some town clerks will gladly admit that the trade unions provide their hardest-working and most co-operative councillors. But it is particularly appropriate that, when asked to say what they thought was the accepted social standing of their job, a large majority of full-time officers and secretaries rated themselves somewhere between a nonconformist minister and an elementary

schoolteacher. These two poles of underpaid morality and underpaid didacticism seem specially suited to the general view that trade union officers hold of themselves: the question of payment apart, it is at least questionable whether high moral aims or high didactic purpose are entirely relevant qualifications for those who play a vital role in the national economy.

Late Victorian

In Hard Times: Reformers Among the Late Victorians.

By Herman Ausubel.

Columbia University Press. London:
Oxford University Press. 403 pages. 42s.

THE late Victorian "re-examination of the structure and processes of English society," with which Mr Ausubel is concerned in this book, has received relatively little attention from historians. The balances of mid-Victorian England have been carefully weighed, the conflicts of early Victorian England investigated. Yet the late nineteenth century has been left to specialist writers concerned exclusively with particular people or problems. Part of the interest of the subject lies in the fact that the "re-examination" was one aspect of a bigger revolt, a revolt against accepted values and institutions. It was the revolt more than the re-examination that generated intense moral fervour and converted causes into gospels. "The age of improvement," as it has been called, gave way to a different age in which "improvement" itself was impugned.

It cannot be claimed that Mr Ausubel has been altogether successful in his somewhat ambitious venture. He seeks to collect from many walks of life evidence of dissatisfaction with what was and hope for what might be. The "reformers" he considers are an extremely assorted collection, ranging from temperance advocates to bi-metallists, from socialists to home rulers. They had different backgrounds, were of different ages, and not only disagreed with each other but also reached their conclusions in very different ways. The collection is much too assorted to be historically significant, and much of the book is a catalogue rather than an analysis. Moreover by quoting exclusively from "original" sources not used by other writers, Mr Ausubel often fails to benefit from what other writers might have taught him. His authorities are impressive and it is useful to have them so neatly located and annotated, but in several places "secondary" materials would have added to the power and persuasiveness of the history.

What is disturbing is that despite his care for diaries, letters and private papers Mr Ausubel does not liberate the personalities he is discussing. He introduces many of them with stock adjectives, which turn them from people into puppets. We meet one by one "the veteran Chartist leader,

Ernest Jones," "anti-democratic George Gissing," "kind-hearted Mrs Gladstone," "zealous John Burns" and a host of others, including Palmerston, "that fierce exponent of an aggressive and meddling foreign policy." One chapter in depth on any one of these persons, reformers or anti-reformers, mid-Victorian or late-Victorian, would be worth a thousand adjectives. The stage is always too crowded for the reader to gather why a particular character behaved in the way he did or why he was what he was. Joseph Chamberlain, Randolph Churchill and William Morris, to take three examples, are discussed briefly without being fully understood: all three are subjects of interesting recent biographies.

On general points Mr Ausubel seems somewhat to over emphasise the "hardness" of these "hard times" compared with what had gone before. He does not note the contemporary critique of "plutocracy," which at the end of the period was as eloquent as the folklore of "depression" or for that matter of "democracy." He discusses the literature of "poverty" that was to culminate in the powerful empirical studies of Booth and Rowntree, but he does not examine the difference between the empirical approach of Booth and the "literary" approach of most of his mid-Victorian (but not early-Victorian) predecessors. He claims that the late Victorians redefined as removable evils all kinds of practices that people in Macaulay's time had accepted as natural, but he does not point out that the idea itself of "removable evils" belongs to an earlier period. His ideas point to a synthesis, but they do not provide it.

The Growth of Vocation

The Young Mr Wesley

By V. H. H. Green.
Arnold. 350 pages. 35s.

JOHN WESLEY has attracted historians for two reasons: first by the fascination of his personality, at once revealed and obscured by the vast corpus of his journals and letters; and secondly, by the extraordinary and continuing success of the movement which he started over two hundred years ago. In this new study Mr Green has concentrated on Wesley's spiritual and intellectual development at Oxford, using as his main source the hitherto largely unpublished early diaries, which cover almost the whole of the period 1725-35.

The result, as Mr Green freely admits in his preface, is "rather unexciting." Wesley and his Holy Club did not make much impact at Oxford, being mocked by the fashionable young men at Christ Church and Merton and gently repressed by the senior members of the University. Even within Lincoln College, where he became a fellow, Wesley's few pupils became steadily fewer because of his "strict notions of religion." He was clearly a poor tutor, imposing his

own beliefs and narrowing the outlook of those he supervised; and it is evident from Mr Green's gentle and understanding comments that Lincoln is better off today. Yet Wesley's intellectual development, though it was in part at the expense of that of his pupils, is a rewarding study. His reading in these years became progressively more religious to the ultimate exclusion of his early interests in classical literature, history and drama. By 1744, when he gave his last University sermon, he was rebuking the undergraduates of the day not for inadequate reading but for "reading what has no tendency to Christianity." As early as 1735 he told his schoolmaster elder brother Samuel that his chief task should be to instruct his pupils in the Gospel and not in the "beggary elements of Greek and Latin."

But he did not begin as an anti-intellectual; he became so as his vocation gripped him. Slowly his intellect was turned exclusively towards his religious purpose—the combating of unbelief by the spread of personal, emotional religious experience. Knowledge for its own sake made no appeal to him. "There are many truths," he told his mother, "it is not worth while to know." The temptation to apply this judgment to the details of his own early life is removed in this instance by the unobtrusive art of Mr Green's work.

Lessons from Japan?

Japan Economic Year Book, 1961

Oriental Economist, Tokyo. 264 pages. 1,500 yen or \$7.50.

THE Japanese have a reputation for pushing everything that they have learned from the West to extremes—whether in industrial techniques, American journalists' English, or Keynesian economics. Most British industrialists have long ago been forced to stop laughing at them under the first of these heads, and perhaps British economic planners had better do the same under the third. This booklet, which has just arrived in London, illustrates both the case for, and the difficulties of, doing so. "The Japanese Government," the booklet reveals, "at a Cabinet conference held in December, 1960, decided to set the fiscal 1961 target of the nation's real economic growth at 9.2 per cent." It did this after its Economic Planning Agency had forecast that Japan should "continue fair to register an annual gain of 9.8 per cent (actual gain 9.2 per cent when adjusted to price variations)". Of course, nobody will expect this decimal point target to be exactly hit, and it is easy to laugh at such pedantic figuring. But what is its result?

Its result is that the Government, having had the courage to publish such a ludicrously detailed statement of aim, can then fix the whole of its detailed economic policy into a framework that looks forward to seeking to achieve something like it. The

national budget (taxation only 20.7 per cent of national income) is drawn up with this end in view, and without any nonsensical attention to details about above-the-line or below-the-line balancing. So is what this booklet's journalists calls the "annual hike in investments in public undertakings"; with a deliberate eye on the expectation that national income should double in ten years, five-year plans are mapped out for huge improvements in port facilities, highways and the like. The whole system is also controlled by a range of indirect taxes that have not been thought of here (cf a "restaurant tax", a "gas-electricity tax", and a "golf amusement tax") and by a Bank rate that is apt to be expressed in figures like 7.667 per cent, and to move up or down by 0.1 per cent at a time.

This almost incredibly detailed attention to figures extends into other fields of economic planning. Educational expenditure is adjusted according to which sort of labour (e.g. junior high or senior high or technological school graduates) looks as if it is going to be increasingly or decreasingly needed. Expenditure on official overseas market surveys is "hiked" according to different trends in different overseas markets. Even social policy is apt to be affected by such estimates as that life expectancy figures "in Japan for 1959 were 65.2 years in males and 69.9 in females, an advance of 0.2 and 0.3 respectively over the previous year."

Of course, Japan has some advantages. One is that expenditure on "national self-defence forces" is listed here as less than 2 per cent of national income. Another is that the trade union movement, although more than Cousinsite in its politics (1960 slogan "To hell with the US security pact, and fatter share of improved productivity for labour"), has not succeeded in being an independently inflationary force; it has achieved only a 22 per cent advance in wages and salaries since 1955 while productivity has increased by 50 per cent. "It is therefore theoretically correct," says the booklet, "for labour unions to have demanded large-scale wage level hikes in the 1961 spring offensives." Finally, these offensives—and this is a major difference from Britain—are met by a rather hair-raising willingness to stand up to strikes. One recent coal-mining strike dragged on for nearly two years before there was successful intervention by the government, with an objective rather more limited than Mr Hare's. "Through Labour Minister Ishida's good offices, the expected bloodshed was fortunately avoided." Last year "the autumn labour struggles—now one of the annual events of the country—were carried out in a very much peaceful and orderly manner." Even so, there were widespread strikes of workers in hospitals. "Taking serious view of the situation, Labour Minister Ishida urged for an early solution and the stationing of emergency personnel even in the time of strikes."

A lot of this is much stronger meat—or poison—than we in Britain would stomach.

But the point to note is that despite it all, or perhaps because of it, the real national income of Japan continues to increase by some 10 per cent a year.

Turkey's Brilliant Past

The Seljuks

By Tamara Talbot Rice.
Thames & Hudson. 280 pages. 30s.

IS IT not strange that of all those to whom Hulagu and Jenghiz Khan and Timur the Lame (Tamerlane)—the great medieval Asian destroyers—are household names, but a few have heard of their more creative contemporaries, of civilised rulers such as the Seljuks Alp Arslan and Alaeddin Kai Kobad I, and of the architectural gems they and their house have left scattered about Persia and large tracts of Asia Minor? This ignorance is not confined to the west. Even in the Ottoman Empire, Turkish history as taught to the Sultan's subjects began with the founder of the Osmanli dynasty, completely ignoring its predecessors of kindred stock in western Asia, those Seljuk princes who embellished their cities from the Black Sea to the Mediterranean with monuments of a highly interesting type of Islamic architecture and, placed between two civilisations, the Iranian and the Arab, had the wisdom to make the best of both.

The modern Turkish Republic has reversed this attitude and has encouraged Seljuk studies; while the Menderes government, whatever may have been its political faults, did admirable restoration and conservation work on the Seljuk monuments of its Asiatic provinces. It is with this region that Mrs Talbot Rice's volume is concerned, with the westernmost of the Seljuk states, the Sultanate of Rûm (Rome), so called because it was conquered from the Byzantine Empire, which maintained to the end the fiction that it was Roman. The capital of this enlightened kingdom, which flourished from the end of the eleventh to the beginning of the fourteenth century, was Konya, the ancient Iconium, which also became the headquarters of the Mevlevi ("Dancing") Dervishes.

Mrs Talbot Rice was therefore confronted with the problem of writing—within the limits of the series of which her volume forms a part—a book which, while expert and scholarly on the arts and architecture of the western Seljuks, has also to serve as an introduction to the Seljuks generally. She has solved it extremely well, not least in the lucid division of her subject-matter under various headings. Of the arts she writes, of course, with special expertise.

A feature of the volume that is particularly valuable to the student is Appendix III, which lists and classifies the principal buildings and the leading architects and masons. The well chosen illustrations, together with line drawings and plans in the text, are representative, and wisely include two plates of coins. But the caption of the photograph of the graceful Inje

("Slender") minaret in Konya somewhat misleadingly describes it as having been "destroyed". The lightning that struck it in 1901 in fact demolished only the two upper stages, sparing the lowest to suggest today how lovely must have been the whole. The book deserves, too, a less jejune index; but these are very minor defects in a satisfying and handsomely produced work that should help to place a brilliant period of Turkish history and achievement in proper perspective.

Judging and Judges

The Judicial Decision: Toward a Theory of Legal Justification

By Richard A. Wasserstrom.
Stanford University Press. London: *Oxford University Press*. 197 pages. 30s.

Justices Black and Frankfurter

By Wallace Mendelson.
University of Chicago Press, London. 161 pages. 30s.

How should a judge decide? What weight should he give to precedent, to notions of justice, to social utility? What is his appropriate relationship to the legislature? These are the questions that have always nagged at anyone taking the trouble to think about the judicial process, not excluding judges. Americans think and write more about the problems because their courts have so much more power, especially the Supreme Court of the United States. But the Wedgwood Benn case suggests that a little thought would not be inappropriate among the judges and lawyers of this country. Even the government might have been happier had the Election Court—bound by no precise precedent—seen its role less narrowly and fashioned some law consonant with the realities of the twentieth century.

Mr Wasserstrom, an assistant professor of philosophy and law at Stanford, has written a metaphysician's book on judging. In abstract terms he seeks the proper basis for decision. He rejects sole reliance on precedent, or at the other extreme on "justice" between the parties without thought of longer-term rules. He arrives at length—laborious length—at this compromise:

A decision is justifiable if and only if it is deductible from the legal rule whose introduction and employment can be shown to be more desirable than any other possible rule.

It is the kind of book in which the author constantly defines his terms and tells us what he cannot deal with. Wholly missing are the tang and real-life flavour of such explorers in judicial philosophy as Jerome Frank or Thurman Arnold. Mr Wasserstrom is serious, and no doubt he is more careful than those old-time iconoclasts, but he is too pedantic to have much effect on legal thought.

A flaw of a very different kind mars the work of Mr Mendelson, professor of govern-

ment at the University of Texas. There is no problem of abstraction here; he deals in great and homely detail with the monumental conflict between the two ablest and most influential members of the Supreme Court. The struggle has raged for more than a decade now. Justice Black pushing for absolute judicial protection of individual liberty against governmental restraint, Justice Frankfurter cautioning the court to restrain its libertarian instincts and defer to legislative views. Professor Mendelson's difficulty is simply that he is wholly committed to the Frankfurter view.

Thus Justice Black is taken to task—quite properly—for trumpeting absolutes which he covertly ignores when necessary, for distorting the Congressional will to humanitarian ends, for resolutely supporting fixed economic interests. Justice Frankfurter is portrayed as the man who has no such bad habits; he is a neutral judge who "has tried to subsume will to law," a follower of Holmes and Brandeis, who leaves law-making to the political branches of government. The author who writes that about Felix Frankfurter is either blind or not looking. Justice Frankfurter has not hesitated to legislate when he deems it necessary—in the field of jurisdiction, for example, as in last term's birth control case. The school segregation decision, in which he concurred, is hardly an example of judicial restraint and deference to the political sphere. If it is wrong for Justice Black to be always on the libertarian side, is it not sad to find Justice Frankfurter—increasingly, these days—always on the side of repressing free speech and belief? The Holmes and Brandeis who fought against the repression of communists in their day might have found it hard to concur in Justice Frankfurter's opinion last June; he then held constitutional the law requiring the registration and effective suicide of the Communist party. Justice Frankfurter is much more complicated than Mr Mendelson imagines. Unhappily for those who write about judicial philosophy, so are most judges and so is the problem of judging.

OTHER BOOKS

THE DAWN AND TWILIGHT OF ZOROASTRIANISM. By R. C. Zaehner. 371 pages. 50s. Eastern Christendom. By Nicolas Zernov. 326 pages. 42s. The *Weidenfeld and Nicolson* History of Religion.

Comparative religion is nowadays a popular choice for courses of the Workers Educational Association and the like, and this handsome series will serve as background reading of Third Programme standard. Its general editor is Professor E. O. James, who has chosen an impressive run of authors from British, American and Canadian universities. Both the volumes here noticed come from Oxford.

Professor Zaehner, in the course of explaining how and why Zoroastrianism held the allegiance of the Persians during both their great imperial eras, shows relationships with Christianity that will excite the non-specialist reader for whom he writes. Dr Zernov is pinned to a slightly encyclopaedic arrangement by the immensity of the period he covers (from the first Pentecost to the testing time that followed the Bolshevik

revolution), as well as by Christian predilection for schism. But he works manfully to fit in everything, not forgetting art, for which he provides some very well-captioned illustrations. He is interesting on oecumenical movements from first to last, but unfortunately finds it "too early" to write of events after the second world war, and so does not include the recent heartening request of the Russian Orthodox Church for membership of the World Council of Churches. But he provides the background for it.

THE RATIONALE OF THE STERLING AREA. By A. R. Conan. *Macmillan*. 133 pages. 21s.

This book consists of extracts from the official memoranda on the sterling area given to the Radcliffe committee, prefaced by Mr Conan's comments. His main point is that the official figures give an inadequate and unjustly unfavourable picture of the balance between Britain's external liabilities and assets. His own brave attempt to construct the full balance sheet is subject to important reservations, as he himself admits; but it will serve a purpose if it galvanises Whitehall into doing the job itself.

TROPICAL AGRICULTURE. By Gordon Wrigley. *Barsford*. 291 pages. 45s.

With many photographs, diagrams, charts and tables this book, by someone with wide experience of tropical agriculture, will be particularly valuable to—in the words of the preface—"the Ministers and Civil Servants of the newly independent nations with their important responsibilities not only to encourage agricultural production . . . but also to ensure that this is not achieved at the expense of long term fertility." It covers such subjects as crop ecology, crop culture, crop improvement, crop protection, and the place of cattle in tropical agriculture.

Just Published

The Challenge of the Common Market

U. W. KITZINGER

"A brilliantly intelligent tract for the times."
KENNETH YOUNGER.

September 4th 10s. 6d. net

Patterns of Trade and Development

RAGNAR NURKSE

September 1st 6s. net

Choice of Techniques

An Aspect of the Theory of Planned Economic Development.

A. K. SEN
18s. net

The Industrialisation of Backward Areas

K. MANDELBAUM

Reprint now ready 16s. net

Inflation

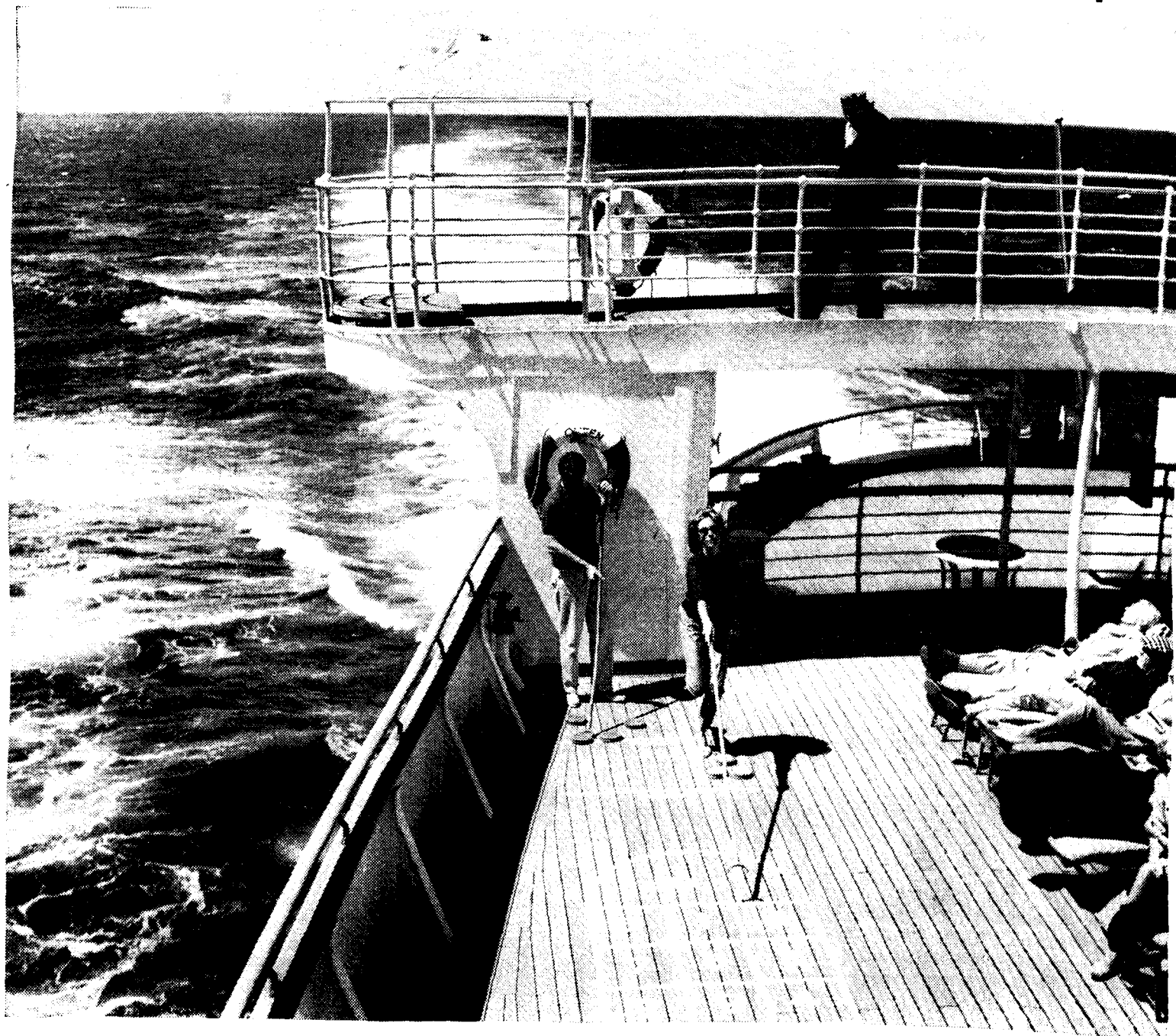
THOMAS WILSON

A survey of the causes of inflation and an assessment of the various remedies tried or proposed, with reference to Britain, U.S.A., and U.S.S.R.

30s.

BASIL BLACKWELL

Putting down the white carpet



Astern the creaming wake unfolds . . . a seagull peels off against the breeze and glances down the sky. Aboard the great Cunarder, passengers are lunching as they seldom lunched on land. Many more are dotted about in cocktail bars and on the sports deck, while others are lazing, reading, writing in the spacious public rooms and on the sheltered broadwalk of the promenade deck. Tonight, there will be a choice of film première, orchestral concert or dancing, laced with talented cabaret turns. Entertainment to suit every age and every mood. You enjoy the best of *everything* when you go by Cunard.

Consult your local travel agent or CUNARD LINE,
Cunard Building, Liverpool, 3
(Liverpool Central 9201);
15 Lower Regent Street, London, S.W.1
(WHitehall 7890);
88 Leadenhall Street, London, E.C.3
(AVenue 3010).

Cunard
TO USA AND CANADA
Regular sailings from Southampton and Liverpool

EXCURSION FARES-25% REDUCTION
from Nov. 1st 1961 to Feb. 28th 1962

The chance of a lifetime! This concession allows 21 clear days ashore excluding days of arrival and departure, and applies to all classes.

AMERICAN SURVEY

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

Test of What?

WASHINGTON, DC

SOME six weeks ago when President Kennedy told the country about the military and civil defence preparations necessitated by the Berlin crisis, he also promised that

our response . . . will not be merely military or negative. It will be more than standing firm. For we do not intend to leave it to others to choose and monopolise the forum and framework of discussion.

Unhappily, the President seems to have promised more than he could perform. His western allies confabulated weekly but could not even agree when and how to start negotiations and their unusual skill in preventing any leakage of their positive proposals for a Berlin settlement merely led the press to conclude that they had none. Mr Khrushchev, on the other hand, seemed perfectly capable of monopolising the initiative and each time he took the Americans by surprise.

Nobody had warned the President that the Russians might indeed seal off east Berlin and when they did he found nobody had made any plans for that contingency. The idea then went around that, as Mr Khrushchev had now staunch the haemorrhage of refugees from east Germany, however brutally, negotiations would become easier and that the heat would be off till the autumn. Whereupon the Russians made the first of their menacing gestures against the air routes into Berlin and heated up the atmosphere some more. Last week they took the allies by surprise again by announcing that they were resuming tests of nuclear weapons, from motives that are still disputed. Some who peer into the future are now casting round for the most unlikely move that the Russians could make next in order to predict it.

The President and his advisers, however, have to interpret Russian intentions from these events. There is an optimistic and a pessimistic view, though the words are relative. The optimists conclude that Mr Khrushchev is moving at least as much from weakness as from strength—that he is “reacting” just as much as the West is accused of doing—but that in his case he is reacting to President Kennedy’s firmness, first shown at Vienna and subsequently by the military build-up. It was a success for the West, the optimists suggest, that the position in east Germany was so intolerable that the world was presented with pictures of a soldier jumping over the barbed wire to freedom. A still greater western success was that it was the Russians who resumed nuclear tests.

The optimists argue that this must spring from relative nuclear weakness. The Russians have plainly been waiting since March for the Americans to give up hope of negotiating a ban on tests and to surrender to domestic pressure to start testing again, so that the Russians themselves could test without opprobrium the more sophisticated nuclear warheads in which they have lagged behind the Americans for two years. In the end, as the Americans refused to oblige, the Russians decided to absorb the loss on the propaganda front at once and yield to the pressure of their home-grown militarists that their armoury should be brought up to date, before they were faced with the resolutions against renewed testing

which were obviously going to emerge from the meeting of neutrals in Belgrade and from the United Nations in September. The Russians have combined attempts to improve their weapons (desirable because nuclear war might happen as the result of miscalculations over Berlin) with an effort to terrify public opinion both in neutral countries and in the North Atlantic Treaty Organisation. The aim is to bring pressure on the western governments to make a deal over west Berlin which at the Communist Party Congress in October could be represented as—and later developed into—total victory for the united communist camp.

The pessimists insist that no such change of front towards neutral opinion could occur without an upheaval in Moscow. They argue that the Russian inferiority in long-range missiles and warheads has been exaggerated, that the Russians have adequate know-how (especially as they may have been carrying out tests underground) for the powerful warheads on which they rely. Their intent this autumn is not merely to terrorise, but to ram terror home by showing that they are prepared to go to nuclear war over Berlin in the confidence that they will “win,” that as world opinion has no atom bombs they will ignore it. This school predicts that pressure on the access routes to Berlin will be increased to flashpoint and that, when the West finally does get the Soviet terms, they will contain a Hitlerian choice between submission and destruction. The aim is to break the will of the western allies once and for all, to demonstrate to the world that Russia’s nuclear might is the propellant behind the Marxist historical process: either Marxist history or no history at all.

WHICHEVER interpretation proves right, the White House believes that the Russian moves stem from the steady increase in the President’s commitment to bargain only from strength over Berlin. The appointment of General Lucius Clay as the President’s “presence” in Berlin is only the latest (though not the least irritating) evidence of this commitment. The build-up of conventional forces, though it cannot improve the West’s tactical position (and is already being offset by Russian counteraction), is steeling the American public: for example, civil defence enquiries are soaring and advertisements for fallout shelters are appearing regularly.

The opportunity for propaganda presented by the Russian decision to resume tests was seized by the White House first, by pinning down the responsibility for the failure of the Geneva talks; secondly, by announcing that the United States was not resuming tests immediately; and thirdly, by the Anglo-American appeal to the Soviet Union to respect the world-wide fears about the dangers of radioactive fallout and to confine future tests to underground detonations. This move, perhaps the first really imaginative American initiative since July, was aimed at securing neutral goodwill; had the Russians felt forced to accept it, it would have undercut any plans they might have for a campaign of nuclear terrorisation. In American eyes the intemperate refusal of the Russians proved that such terrorisation was at least part of their plan.

But even in Washington the question is being asked why after the third Russian explosion the President felt forced to order the resumption of American testing when he had only just announced that western armaments were “wholly adequate” and even before

September 9th—the date fixed for a final reply from the Russians—and while Mr Nehru was on the way to Moscow. Admittedly Mr Kennedy has tried to retain some neutral goodwill by confining his scientists—for the time being—to explosions in laboratories and underground. However, no new tests now can affect the present military balance, not even those, urgently desired by the service chiefs, of twenty-nine developed but untested weapons.

The real reasons are threefold. First, there was a danger that the Russians, having completed their programme, might offer to end tests quickly and use this “concession” to extract genuine political concessions on Berlin from the West by means of neutral pressure. Second, there was American disillusionment with the whole reaction of the neutrals to the Russian tests—their fear of offending the Soviet Union by outright condemnation and no sign that they appreciated the American restraint. Though this may inhibit any diplomatic use of Mr Nehru at Moscow, it seems likely that the President decided that neutral goodwill was worth less to him than that of his own people and that he wanted to give a clear indication to the Russians that he was as immune to neutral pressure as they were. The Americans felt that the neutrals had shown that they would fall easily for a Russian offer of a new moratorium on tests, would kow-tow to Moscow and would turn against those whose resistance alone permits neutralism to exist. A third reason may well have been a desire to make sure that all existing weapons in the stockpile were ready to fire immediately.

Whether President Kennedy has smirched the picture of a cool poker player which he had built up so long, the next few weeks will show. Presumably the slow process of getting to grips with the Russians diplomatically, so much slower than recent events, will continue. There is certainly need for a strong new American lead irrespective of the allied disarray. The President is finding his three political uncles in Europe far less unflappable under strain than he had the right to expect. He is pushing his timetable, which is to move from the preliminary probes now taking place in Moscow (designed to find out the meaning of Mr Khrushchev's vague offers—and how much authority he has) to a series of substantive talks after the western meeting on September 14th. The Russians are expected to want a full East-West summit—but there might be an intermediate stage with a presidential envoy—perhaps Mr Stevenson or Mr Harriman. All this presumes that reason and restraint are still in control. This is Washington's determined hope.

Responsibility in Detroit

COLLECTIVE bargaining in the motor industry is always a cliff-hanging story, with neither side getting down to serious business until a couple of days before the date set for a strike. This year has been no exception, but with that date now postponed twice—next Monday is the latest deadline—it looks as if it will also be no exception to the rule that in the end there seldom is a strike; there has not been one against all the manufacturers since 1946. Both this year's postponements were the result of appeals from the President and the Secretary of Labour, anxious to avoid the direct personal involvement in a labour dispute which would be inevitable if there were a strike in such an important industry. But it is doubtful if appeals to the “high degree of responsibility” and the “industrial statesmanship” of the executives of the General Motors Corporation, which is the company selected for a strike this year, and the leaders of the United Automobile Workers would have carried much weight this week if an agreement had not been in sight.

In fact the announcement of the postponement on Wednesday was accompanied by an announcement that agreement had been reached on the monetary aspects of a new contract—which will set a pattern for the other big car companies—although details of such

matters as overtime and work rules had not yet been settled. It is presumed that General Motors made some substantial concessions since Mr Reuther, head of the UAW, emerged smiling from the last all-night session. He had declared earlier that his moral responsibility to his 310,000 members at GM would not allow him to accept a “sub-standard” contract from a firm in such a strong financial position. By sub-standard he meant a contract which provided less than the one which he had signed ten days before with the much less well-off American Motors Corporation. If the unconfirmed reports of what he has obtained from GM are true, the company does indeed seem to have come up to the American Motors standard—except as regards profit-sharing which Mr Reuther was not insisting on anyway.

According to these reports GM has improved substantially on the offer which it made two weeks ago. There has been no argument about the wage increase of 6 cents an hour, or $2\frac{1}{2}$ per cent a year, calculated on the basis of estimated annual increases in productivity and therefore non-inflationary. But the company has apparently agreed that adjustments to cover changes in the cost of living should continue to be made quarterly; that workers on short-time should get 65 per cent of their pay for every hour less than forty that they are laid off each week, instead of 50 per cent for every hour less than 36 which was originally offered; and that there should be substantial improvements in unemployment pay, pensions and health benefits. All these are real gains at a time when the automobile workers have been falling below the general level of the affluent society. And with that level about to take another surge upward GM evidently felt that it would be silly to risk a strike which would keep it from selling its new models.

Aid in an Obstacle Race

PRESIDENT KENNEDY fought hard but vainly to persuade Congress to relieve his foreign aid programme from the stringencies of the Appropriation Committee of the House of Representatives. This week's events prove that his evident fear of the programme being mutilated had some foundations. On the day that the Russians announced that they would resume the testing of nuclear weapons, the House appropriations sub-committee on foreign aid, whose chairman is the unsuitably named Mr Passman, recommended scooping another \$900 million out of the programme for the current fiscal year. Congress had already reduced the President's foreign aid money by \$500 million, but Mr Passman insisted that his additional cut would make “a great day for the taxpayers.” Mr Eisenhower said the cut was “incomprehensible, especially in view of present world tensions,” and, at the urging of the Republicans, the House of Representatives declined to reduce military aid by as much as Mr Passman wanted, although normally it dislikes to reject the recommendations of its Appropriations Committee and seldom does so.

The appropriations Bill has now gone to the Senate, which is usually generous to foreign aid, and there is hope that the final Bill to be agreed between the two houses, while it will certainly give the President less than he asked for the current fiscal year, may give him more than General Eisenhower got last year. But it is now clearer than ever that authorisation is not appropriation. Moreover, the congressional compromise, under which the President was authorised to lend up to \$7.2 billion to less developed countries over a five-year period, is ominously worded. It says that the President's long-range loan commitments will be honoured “unless there is evidence of obvious bad management or the other country has failed to meet its responsibilities.” Congressmen have often charged bad management of foreign aid and who knows what a borrowing country's responsibilities might be deemed to include? Also, aid is forbidden to any country unless the President determines that it is not dominated by international communism, and

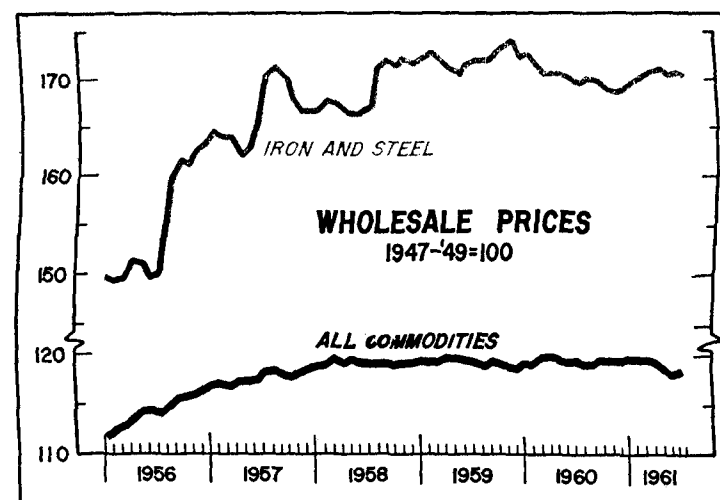
specifically to Cuba; nor can a loan be used for an enterprise that will compete directly with American business, unless the receiving country agrees to limit that enterprise's exports to the United States to 20 per cent of its output.

These and other conditional clauses were inserted, no doubt, to facilitate the compromise about development loans that the President professed to find “reasonable” and “wholly satisfactory” and Mr Passman, equally no doubt, is only doing his duty as a taxpayers' watchdog. Nevertheless, any Congressman who wants to throw monkey-wrenches into the machinery of foreign aid has several ready to his hand. Is or is not Poland, and perhaps even Yugoslavia, dominated by international communism? How about Marxist teaching in Ghana schools? What enterprise may not be deemed competitive with American business?

Pressed Steel

IF left to itself the steel industry would be on the point of putting up its prices—probably not all across the board but selectively for those products which are in strong demand and for which substitutes are not available. The expected autumn gain in output has come unexpectedly soon and unexpectedly strongly and is unlikely to be checked by anything now that the motor industry has been saved from a strike. On October 1st wages go up by an average of about 8 cents an hour under the settlement which ended the steel strike in January, 1960. This will be the second wage increase under that agreement and there has been no general increase in steel prices for three years.

A few weeks ago spokesmen for the industry were talking quite freely of higher prices but they have become more and more silent as Democratic Senators, the President's economic advisers and finally Mr Kennedy himself have become more and more out-



spoken about the undesirability of any increase and the lack of justification for it. The government experts calculate that the high levels of activity which are in prospect for some time and the improvements in productivity in the steel mills will together enable the industry to absorb the coming wage increase and still make profits which compare favourably with those earned recently. While the industry contends that these calculations are unsound, it is aware that its comparatively satisfactory profits put it in a weak position not only as regards price increases now but also as regards the fresh set of wage negotiations which are due next year.

The President and his advisers are concerned lest a new round of inflation may be set off by a rise in steel costs, basic to the whole price structure, coming at a time when inflationary forces are already building up as a result of the government's increased spend-

ing, the deficit in the Budget and the general upward movement in the economy. But there is in fact little that Mr Kennedy can do, short of imposing direct controls which are hardly possible in peace time, to prevent steel prices going up should the industry's leaders ignore the moral pressure which he is putting on them to their great, if restrained, indignation. Senators, who will certainly start yet another investigation of the industry should there be a price increase, are suggesting that it might be possible for the Federal Trade Commission to prosecute under the 1951 agreement by which the industry undertakes not to act in collusion when changing prices. But the companies will obviously take care not to do that. The only other suggestions are that they might be punished by being broken up into small, more competitive units or by having their prices regulated as are those of public utility companies. But either of these proposals would take years to implement and the inflation would have come and gone long before that.

Schooling the South

LAST week Atlanta set the Deep South an example by becoming its first large city to admit Negroes into its white schools without any display of violence, an accomplishment on which it has been congratulated by the President. Now Galveston and Dallas, both on the fringes of the South, have followed suit and late this week it is hoped that New Orleans will be able to send five more Negro children to four more white schools without any of the disgraceful mob scenes which took place last year when the first four were admitted. Then the white mobs were encouraged by the State Legislature, which met in special session to erect a legal framework which would enable segregation by race to continue in the tax-supported schools.

The keystone of this arch was an Act making it possible for people in individual parishes (as counties are called in Louisiana) to vote to shut their schools rather than comply with orders of the federal courts to mix the races. One tiny rural parish, St Helena's, which is sixty miles from New Orleans, was the first and probably will be the last to try this escape-route. Late last month the Act was declared unconstitutional by a three-judge federal court on the grounds that the device is a “transparent artifice” to deprive Negro children of their constitutional right to attend unsegregated schools and because it involves discrimination by the state, which would be supporting education for children in other parishes. Conceivably it might be constitutional for a state to shut all its schools, but although the court asked the attorney-generals of all the states for an opinion on this matter it did not express any opinion itself.

But the Louisiana judges went further than a federal judge in Prince Edward County, Virginia, another rural area where the tax-supported schools have been shut since 1959 in order to avoid compliance with an order to end the colour bar. Prince Edward's continued defiance—in spite of the fact that it was involved in one of the original cases on which the Supreme Court ruled in 1954—has encouraged segregationists all over the South, yet the judge did not deal specifically with the question of whether the closing of the schools is legal; he preferred to leave this matter, in the first instance, to the State Supreme Court. But he gave the county authorities a hard nut to crack when he ruled that as long as the tax-supported schools are shut the state and local governments cannot help to support a system of private schools for white children. Last year the county and state contributed \$300,000 of the \$328,151 which these cost. If Prince Edward swallows its pride and reopens the tax-supported schools (in the belief that the only children to attend will be the Negroes who have been deprived of any education) it could continue these contributions, but a dual school system is costly. Otherwise white

zealots will have to shoulder a heavy burden. But by lodging an appeal to a higher court Prince Edward can put off this painful choice though only for a time.

Firms that Run Away

FIRMS that run away from parts of the country where costs are high may have to take their troubles with them if two court decisions are upheld. A number of hard-pressed companies would like to move to areas where wages are low, trade unions are weak and local governments offer attractive concessions. Most of these areas are in the southern and border states, which are desperately anxious for new industries to absorb their unemployed, but the first decision concerned a move of the Glidden Company's Durkee Fine Foods division from Elmhurst, New York, to nearby Bethlehem, Pennsylvania, in 1957. In this case the firm offered new jobs to its workers in Elmhurst, but it refused to recognise their

seniority rights in the new plant on the ground that its contract with the trade union had expired. A court of appeals ruled this spring that even so the seniority rights of the workers, who were suing for damages, continued in force and could not be disregarded.

In July, citing this decision, a judge in Detroit held that the Gemmer Corporation, which had decided to move to Lebanon, Tennessee, must offer jobs at its new plant to its old workers, on a basis of seniority. It had refused to do so except for salaried and supervisory staff. In this case, although the contract with the trade union was still in force, it was restricted to operations in Detroit, Michigan. But the judge held that the seniority rights of the workers themselves were not affected. As their average age is 48, they are not likely to find new jobs if their old ones are spirited away. This decision was a blow, not only to the Gemmer Corporation, but also to the taxpayers of Lebanon, who had raised \$2.5 million to build the company a fine new plant on the understanding that it would employ local labour. These two cases have encouraged the trade unions, especially the auto-

Twin City Reborn

FROM A CORRESPONDENT IN MINNEAPOLIS

MINNEAPOLIS is a well-favoured city: its residential streets are shaded by lovely elms; its parks are admirable; its boundaries embrace a dozen sparkling lakes. As well as being the industrial hub and regional capital of the Upper Midwest, Minneapolis is its cultural Mecca with its giant University of Minnesota, a symphony orchestra and two art museums. Minneapolis and its smaller twin city, St Paul, lie on either side of the great Mississippi River, at the head of its navigable reaches. The combined metropolitan area contains 1,500,000 people but, although the population of the region is growing, the number of city dwellers is not expected to get much larger.

A few years ago a group of businessmen and civic leaders, watching with dismay as residents and industries fled from the centre to the surrounding suburbs, decided that what was happening in dozens of other American cities was definitely not good enough for Minneapolis. A district along the water front now known as Gateway Centre, where the city began a century ago, had taken on the characteristics of Skid Row and blight was spreading into neighbouring areas. In the commercial heart itself many obsolete buildings had been razed to the ground but the sites remained, like gaps in a mouthful of teeth, unfilled except with parked cars. At the same time, shopping centres were springing up by the score in the suburbs, doing their best to rob the city shops of their trade. One such centre was in fact built, at a cost of \$20 million, by the city's largest department store.

To turn the tide, city leaders injected new life into the local planning body. Merchants banded together in a Downtown Council and proceeded to remind residents that the central city possessed

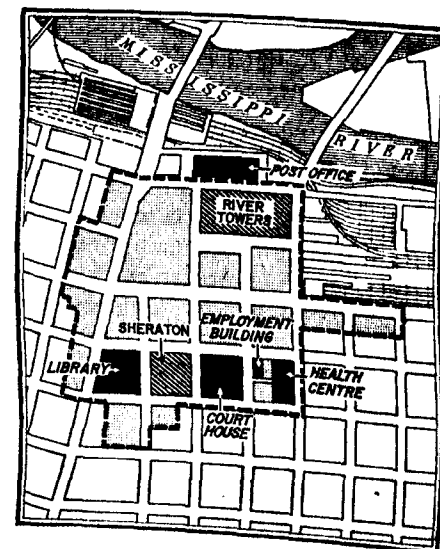
hotels, restaurants and entertainment facilities that suburban centres could not hope to rival. Many of the buildings were subjected to a face-lifting operation; they were given new fronts, cleaned of the soot and grime that had hidden them for years and supplied with air-conditioning. New buildings rose on previously vacant plots. Among them was the first skyscraper to go up in Minneapolis since the building boom of thirty years ago. Half-a-dozen multi-storey parking ramps were built to take stationary cars off the streets and the number of open parking lots was reduced. Several of the large hotels announced plans for expansion. Recently, construction was started on a \$25 million project which will provide, in a single block, a 17-storey office building, a 13-storey motor hotel and a new parking ramp for 1,000 cars. Public improvements, at a total cost of \$18 million, have provided a health centre, a library, a building for the state employment office and a federal courthouse.

THESE public buildings have gone up between the refurbished commercial district and the old Gateway Centre area. In the past, piecemeal efforts had been made to halt the deterioration of this area but they all failed. The construction of a grand new post office and the laying out of a park did not inspire private capital to move in and consultants told the Minneapolis Housing and Redevelopment Authority that only broad-scale clearance and redevelopment would do the job. This is now under way. Seventeen city blocks, once containing cheap taverns and pawnshops and flophouses for down-and-out transients and elderly men living on wine and old-age pensions, are falling to the ground under the wreckers' hammers.

The area looks like Frankfurt after its wartime bombings.

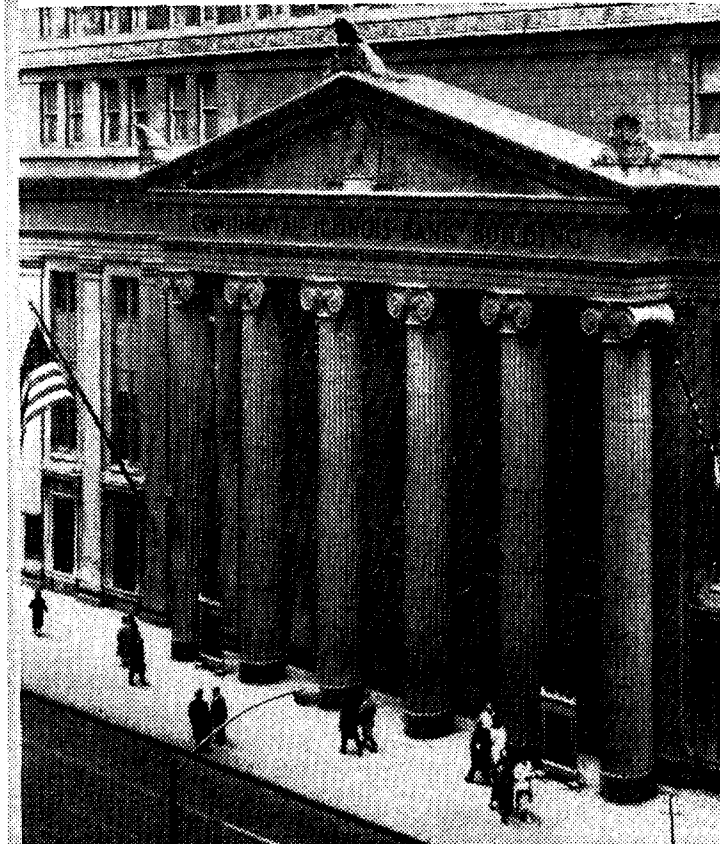
The new buildings will start to go up soon for now at last private capital is moving in. Municipal and federal authorities, who between them help to plan and finance such urban renewal schemes, have recently approved a \$43 million private project, which will include a new 17-storey Sheraton Hotel, and another \$22 million worth of privately-financed construction is under negotiation. The developers hold out the promise of a "city within a city," employing 1,800 hotel, restaurant and shop workers and providing housing for 3,500 people in four high-rent, high-rising blocks of flats overlooking the Mississippi.

The development of the Gateway Centre will mean more than a striking addition of bricks and mortar. Although government agencies will have invested \$15 million in the purchase and clearing of blighted land, the taxpayer will receive a sizeable return on his investment; the 17-block area is expected to yield \$1,600,000 a year in property taxes compared with only \$375,000 before demolition took place.



Your
International Correspondent
in Chicago...

CONTINENTAL
BANK



- One of America's major banks, with resources of more than 2¾ billion dollars.
- Strategically located . . . in the industrial heart of the United States.
- With the facilities and depth of experience to handle even the most specialized needs.

CONTINENTAL
ILLINOIS NATIONAL
BANK

AND TRUST COMPANY OF CHICAGO

Member Federal Deposit Insurance Corporation



Pick your favorite cities and see them best from a Sheraton Hotel.

EAST
NEW YORK
Park Sheraton
Sheraton-East
(the Ambassador)
Sheraton-Atlantic
Sheraton-Russell
BOSTON
Sheraton-Plaza
WASHINGTON
Sheraton-Carlton
Sheraton-Park
PITTSBURGH
Penn-Sheraton
BALTIMORE
Sheraton-Belvedere
Sheraton-Baltimore Inn
PHILADELPHIA
Sheraton Hotel
PROVIDENCE
Sheraton-Biltmore
SPRINGFIELD, Mass.
Sheraton-Kimball
Sheraton-Motor Inn
ALBANY
Sheraton-Ten Eyck
ROCHESTER
Sheraton Hotel
BUFFALO
Sheraton Hotel
SYRACUSE
Sheraton-Syracuse Inn
BINGHAMTON, N. Y.
Sheraton-Motor Inn

MIDWEST
CHICAGO
Sheraton-Blackstone
Sheraton-Chicago
DETROIT
Sheraton-Cadillac
CLEVELAND
Sheraton-Cleveland
CINCINNATI
Sheraton-Gibson
ST. LOUIS
Sheraton-Jefferson
OKLAHOMA CITY
Sheraton-Oklahoma
OKLAHOMA
Sheraton-Fontenelle
AKRON
Sheraton Hotel
INDIANAPOLIS
Sheraton-Lincoln
FRENCH LICK, Ind.
French Lick-Sheraton
RAPID CITY, S. D.
Sheraton-Manson
SIOUX CITY, Iowa
Sheraton-Martin
Sheraton-Warrior
SIOUX FALLS, S. D.
Sheraton-Carpenter
Sheraton-Catawba
CEDAR RAPIDS, Iowa
Sheraton-Montrose

SOUTH
DALLAS
Sheraton-Dallas
HOUSTON
Sheraton-Lincoln
(opens March 1962)
NEW ORLEANS
Sheraton-Charles
LOUISVILLE
Sheraton Hotel
The Waldorf
MOBILE, Alabama
Sheraton-Battle House

WEST
SAN FRANCISCO
Sheraton-Palace
LOS ANGELES
Sheraton-West
(formerly the Town House)
PASADENA
Huntington-Sheraton
PORTLAND, Oregon
Sheraton-Portland Hotel
HAWAII
HONOLULU
Royal Hawaiian
Princess Kaiulani
Moana
SurfRider
MAUI
Kaanapali
(opens July 1962)

CANADA
MONTREAL
Sheraton-Mt. Royal
The Laurentien
TORONTO
King Edward Sheraton
NIAGARA FALLS, Ont.
Sheraton-Brock
Foxhead Motor Inn
HAMILTON, Ont.
Sheraton-Connacht
CARIBBEAN
PUERTO RICO
San Juan
(opens December 1961)
JAMAICA
Kingston
(opens June 1962)

OVERSEAS
ISRAEL
TEL AVIV
Sheraton-Tel Aviv

...in major cities
across the **USA**
☆☆☆☆
in Hawaii and
in Canada☆☆

**SHERATON
HOTELS**

IMMEDIATE CONFIRMATION

EXCELLENT
accommodations
reasonable rates

From New York to San Francisco, from Montreal to Dallas, there's a Sheraton Hotel waiting to welcome you. Each is located in the heart of the city, near business districts, theatres and shops. In addition to fine food and superb service, Sheraton Hotels offer many extra values such as the Family Plan (children under 14 FREE when they share your room), air-conditioning, free TV and radio. If your ship or plane is delayed, Sheraton will hold your reservations. To get reservations at any Sheraton Hotel, see your travel agent or Sheraton's General Agent:

FRAMES TOURS LTD.,
25-31 Tavistock Place, London W. C. 1,
Telephone: Euston 3488.

mobile workers, to apply to the courts to prevent other firms from moving south, particularly from high-cost Michigan.

If firms must take their workers—and their trade unions—with them, or pay heavy damages, the move may not be worth making. How heavy such damages may be was shown just last month when an arbitrator in Philadelphia ordered a run-away manufacturer of blouses to return from South Carolina or pay its trade union and workers damages of \$355,000. About half of this was to compensate the union for its prospective loss of dues over the next twenty years. The Glidden Company has asked the Supreme Court to review its case and the Gemmer Corporation is also expected to lodge an appeal. If the Supreme Court upholds these recent decisions the pace of industrialisation in the South, which has been outstripping that in the North, may well slow down. Serious questions will also arise, not only about the ability of officially depressed areas to solve their problems by attracting new industry, but also about industrial mobility in general inside the greatest existing common market.

Pets Galore

FROM A SPECIAL CORRESPONDENT

DURING the past few years America has taken pets to its heart in a big way. One family in two is reported to have a tame animal, bird, fish or reptile somewhere on the premises and the pet population is indeed increasing by leaps and bounds. It is not unusual nowadays, when visiting a middle-class suburban family, to find a couple of dogs in the garden, a cat curled up asleep in the kitchen, half-a-dozen tropical fish swimming in a plastic tank in Johnny's bedroom, and even a tame and permanently deodorized skunk playing in the garage.

Dogs and cats are still firmly entrenched as the favourites (the Humane Society of the United States claims that there are now 90 million of them in the country) but recently tastes in pets have taken an exotic turn. There are an estimated 22 million parrots, cockatoos, canaries, and other birds singing and screeching in parlours and sun porches across the land and thousands of American homes have apes or monkeys living in them. Recently a chain of supermarkets offered monkeys for sale—housewives could pick one up while doing the weekly food shopping—and some pet shops advertise monkeys “to suit every personality and pocketbook.” A number of communities have had to pass laws against owning cobras and rattlesnakes and recently a pet magazine considered it worth while to devote two columns to the selection, care and feeding of a boa constrictor.

The growing popularity of pets has meant, among other things, that there has been an upsurge of business for the purveyors of dog and cat foods and other supplies for livestock, for the owners of pet hospitals and cemeteries and for veterinary surgeons. A number of these are beginning to specialise in their work and there are some who will treat only one breed of animal. Last year owners were reported to have spent over \$3 billion on their pets; today pet food outsells baby food and a growing number of drugs and vitamins for domestic animals are being placed on the market.

Should an American dog suffer from halitosis—and one company in the veterinary field claims that 40 per cent of American dogs do, in fact, have bad breath—the owner can obtain a product specially designed to combat this complaint. If he wishes to take the dog on a trip with him, he can consult a 48-page directory listing 6,000 hotels and motels throughout the country which accept guests accompanied by pets. “Reproduction control” products which are now on the market enable him to regulate the number of litters his pet produces and he can eliminate fleas by giving the dog a tablet which is absorbed into its blood stream and poisons the

hungry insect. False eyelashes are among the novelty items for pets which are gaining favour. Glamorous poodles, with coats, booties and jewelled collars, are a fairly common sight on some of the smarter avenues in New York, while plastic raincoats for almost any breed of dog are sold in most pet shops.

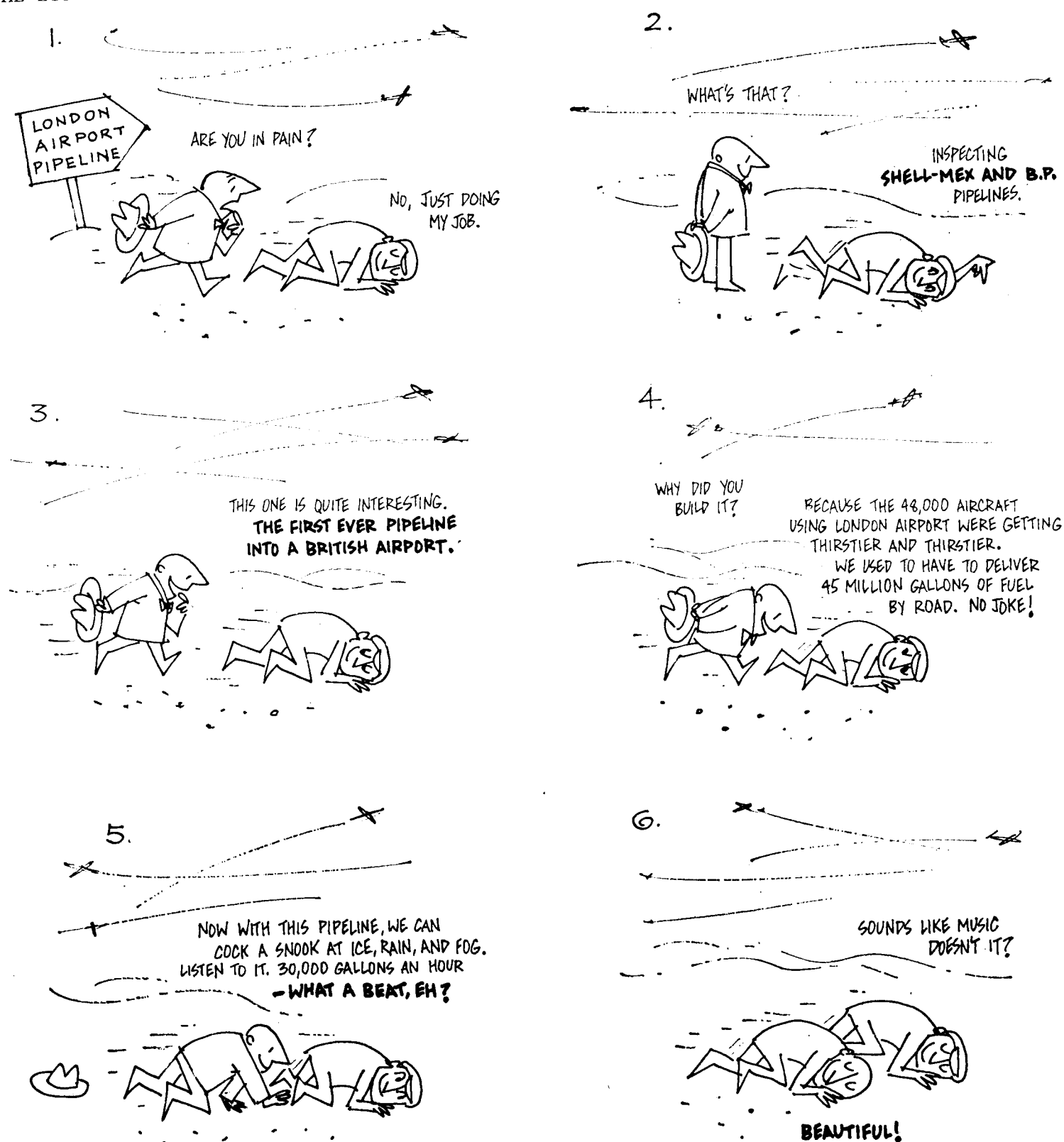
The luxury-loving poodle is now the most popular of the 113 breeds in the pedigree dog world of America, having overtaken the beagle last year. And the show business is booming: there were over 850 officially approved dog shows last year, while a four-day cat fair in Los Angeles, which admittedly was held during National Cat Week, attracted some 108,000 visitors.

Bargain Basement in the Air

IT is an unlucky traveller today who does not qualify, in some fashion, for cut-rates in the air. Since the end of August young people between the ages of 12 and 22 have been able to fly at half the first-class rate if they are willing to forgo reservations until three hours before flight time. This means, for example, that they can fly from New York to Los Angeles for \$86 (plus the federal tax) compared with a charge of \$171 for first-class travellers on a jet aircraft and \$109 for a coach (economy) flight on a piston-powered aircraft. At the other end of the scale Mohawk Airlines offers a specially cheap “golden age tariff” for grandma and grandpa. Clergymen also qualify for concessions. And last month Trans World Airlines led the way—with United and American Airlines following more dubiously—with a coast-to-coast excursion-fare of \$198 return on jet aircraft and \$175 on piston-powered ones, compared with \$277 and \$218 respectively. Yet standard fares went up in July for the fifth time since 1958.

All these tempting offers—and there are others such as “fly as you please” plans—represent a desperate effort to fill the growing number of empty seats in the air even if the hair of booking clerks turns grey in the process. Unfortunately for the airlines, the great increase in carrying capacity brought about by the arrival of the jets has coincided with a levelling off in air travel after years during which it was possible to count upon an expansion of about 10 per cent in the traffic every twelve months. (Seats in transatlantic aircraft are going begging as well as ones on domestic routes, but it has not been possible to reach agreement with foreign airlines to try to expand the market by cutting fares.) Capacity is expected to go on growing; so are the already heavy interest charges on money borrowed to pay for new aircraft. A secondary source of distress for the airlines is the increasing preference of travellers for economy flights. In 1955 these accounted for only 35 per cent of the total traffic; now they account for at least 54 per cent. This may be partly due to the recession and hence may be curable, but it also seems true that luxury and space are sought less eagerly on a short jet journey than they were when flights took longer.

The domestic air carriers lost at least \$15 million in the first six months of this year; in 1960 they earned only \$1.2 million—the worst record since catastrophic 1948. The industry as a whole earned only about 3 per cent on its investment. But there is more agreement on the problem than on its cure. American Airlines, for example, disagrees both with TWA and with the Civil Aeronautics Board over the likelihood of the coast-to-coast excursion rate bringing in enough really new business to make it worth while. It has more faith in the reductions for young people because, although those in this age group constitute 15 per cent of the population, they provide only about 3 per cent of American's passengers. In any case, all these schemes are purely experimental; if they do not work they will be abandoned. But if none of them work, or do not work well enough, a big wave of mergers, to reduce excessive competition, may become unavoidable.



Three facts worth remembering:

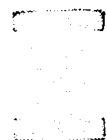
(1) Shell-Mex and B.P. built the first ever pipeline into a British airport. (2) With the new pipeline, which can deliver fuel at the rate of 30,000 gallons per hour, Shell-Mex and B.P. Ltd are

uniquely equipped to handle every possible demand for aviation fuel at London airport. (3) The Shell-Mex and B.P. Ltd pipeline helps to relieve traffic congestion on the roads to and from the Airport.

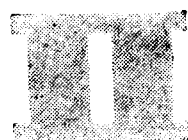
SHELL-MEX AND B.P. LTD — BUILD THE FIRST PIPELINE INTO A BRITISH AIRPORT



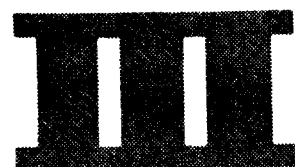
Three ways to better banking



The Bank must offer a comprehensive service to its customers, whether private individuals or big business, and be large enough to satisfy the needs of commerce and industry on any scale.



The Bank must have sufficient branches in the U.K., together with facilities overseas so that customers can be provided for when on holiday or away on business.



The Bank must offer local knowledge and expertise, and preserve its standard of personal service in the time-honoured Family Banker tradition.



THE THREE BANKS GROUP

If you have business in Britain they would be pleased to place at your disposal their wide experience of International Banking and Commerce.

GLYN, MILLS & CO.

HEAD OFFICE:
67 LOMBARD STREET
LONDON, E.C.3

THE ROYAL BANK OF SCOTLAND

HEAD OFFICE:
ST. ANDREW SQUARE
EDINBURGH, 2

WILLIAMS DEACON'S BANK LIMITED

HEAD OFFICE:
MOSLEY STREET
MANCHESTER, 2

UNITED STATES REPRESENTATIVE: 63 WALL STREET, NEW YORK

TO THE YOUNG MAN WHO GOT MARRIED LAST YEAR



When you are married, your responsibilities are greater. So are your assurance requirements. Scottish Mutual have studied the assurance needs of young people. Their insight can be valuable to you. And remember, the sooner you discover assurance, the cheaper it is. Ask your Scottish Mutual representative about our various policies. There is one tailored to your needs. Or write our nearest office.

THE SCOTTISH MUTUAL ASSURANCE SOCIETY

Head Office: 109 St. Vincent Street, Glasgow, C.2. Tel: City 6321
London Office: 6 Bell Yard, Law Courts, W.C.2. Tel: Chancery 9411

THE BUSINESS WORLD

Calling the Turn

A correspondent describes some new rules for the old game of cycle spotting

EVER since 1920, the National Bureau of Economic Research in New York has put much of its great intellectual resources into collecting and analysing statistics of American business cycles. The tradition, begun by Wesley Mitchell in the twenties and joined by Arthur Burns in the thirties and forties, has been led in the fifties by Geoffrey Moore; and business cycle analysis has taken a big leap forward in the United States during the last few years. The increasing need for expert economic guidance has led successive administrations to take a positive and active interest in this work. At the same time, the electronic computer has made possible sophisticated and up-to-date statistical analysis, so that the indicators can be put to practical current use.

To be ahead of his clients, the economic analyst needs two things—apart from a cool head and a quick eye. First, he must have up-to-date information. Second, the raw statistics must be processed and set against the historical background. These requirements need a certain apparatus. This is provided in the United States by an interesting collaboration between the Government machine and the National Bureau which is outlined in a new collection of papers edited by Mr Moore* summing up the present state of this art and science of watching the cycle and calling the turn.

By the 20th of each month, the Department of Commerce produces for the use of the Administration a report incorporating the latest data for over 300 statistical series, organised in accordance with the National Bureau's analytical system. It is mouth-watering to find that by July 20th, for example, seasonally adjusted figures are available for June (some, of course, provisional) for industrial production, new orders and, indeed, nearly all the principal monthly indicators. This programme depends partly on the prompt supply of figures by industrial firms, partly on the use of electronic computers for their rapid and complex processing.

Throughout its history, the National Bureau's method has been to collect and tabulate statistics, patiently and omnivorously: generalisation is expected to come from

observation rather than from theory. The regularities of cyclical behaviour, although far from perfect, justify the bureau's underlying assumption that the business cycle can usefully be treated in the same way as the meteorologist treats a weather pattern. But economic history is essentially an account of human behaviour, which is probably more subject to unpredictable changes than the weather, and the range of business cycle history is much more restricted. The National Bureau's historical data comprise some 26 cyclical peaks and troughs (including 1958-61) which it has been able to detect in the American statistical records from 1854. Each peak and trough is dated to a month—an arbitrary procedure, but necessary for precision in statistical analysis. The cycles have varied in length from eight years to 17 months; in intensity, taking the declines in output during recessions, they vary from fluctuations that could be detected only by a statistical geiger-counter to the vicious drops of 25-30 per cent experienced in 1907-8, 1920-21, 1929-31 and 1937-38.

FROM such diversity, simple accounts of what a business cycle is can hardly be expected. Yet some generalisations seem justified. It has been found, although there are exceptions, that periods of decline are rather shorter than periods of expansion; that an expansion period consists first of a fairly rapid upturn—lasting around six months after the trough—then slows down; that the rate of recovery is quicker after a severe contraction than after a mild one; that a steep decline in the first months after a peak has been passed presages a severe contraction. There is a suggestion, but no more, that cycles are getting shorter.

Perhaps the most intriguing of the National Bureau's techniques is the use of "leading indicators." The records show that certain statistical series tend to change direction in business cycles well before the rest. Ten of these are used by the bureau, and the table shows how they have performed as advance signals of turning points in business activity as a whole. Charts demonstrating the past performance of the leading indicators, showing their turning points several months before output turns, look pretty convincing. But when the forecaster is searching the incomplete current record for signals of an approaching turning point, he is almost bound to find the indicators emitting oracular ambiguities. Some of the snags are indicated in the table. Consider the first

* Business Cycle Indicators. Edited by Geoffrey H. Moore. Published by Princeton University Press 1961 for the National Bureau of Economic Research (to be published in the United Kingdom by Oxford University Press). Vol. I: xxv+757 pp., \$12.50. Vol. II: xvii+179 pp., \$4.50. The set \$15.00.

two columns, which show what proportion of possible general peaks and troughs each indicator has forecast. As this shows, the two indicators of labour turnover—the rates of accessions (hirings), and of lay-offs (firings)—score highest. These indicators also make a fair showing in the third column, which gives the number of false signals they made—"private cycles" that did not turn out to be reflected in business as a whole. The average lead-time they offer, especially in predicting downturns, is long. On the other hand, these labour turnover indices show considerable ups and down from month to month which are unrelated to business cycles; the last column shows that both series call for at least three months' data to confirm that a change in direction has occurred. Moreover, the latest figures in both series run a month behind most of the other leading indicators.

Four other series—new orders for durables, housing starts, liabilities in business failures and security prices—are all fairly efficient at signalling turns in advance. But housing starts suffer from an excess of "private cycles"; and liabilities in business failures are subject to wide monthly fluctuations, so that a six months' run of data is needed to identify a genuine turning point. New orders for durables (which need a three months' run of data) come out well. In the end, security prices serve as the best single indicator. In 21 cycles, they have successfully forecast 16 peaks and 15 troughs, with an average lead of about six months. They can be followed from the press and are always up-to-date (two months' data are needed); they require no seasonal adjustment. Yet even security prices have failed to lead a quarter of the turning points (they missed the 1957 downturn until it happened, the first failure since 1929) and they have had their irrelevant "private cycles." They have also been subject since the war to a fairly consistent upward trend; so their warning signal for recession, for instance in 1959-60, can be a levelling-off rather than a marked fall.

It is thus for good reasons that the National Bureau gives strong warnings against using any indicator alone, and regards a combined index of the leading indicators as more trustworthy. But there is a penalty, too, for caution. For instance, the recovery at the beginning of 1961 was not clearly foreshadowed. The latest data available in mid-January—the month before industrial production can now be seen to have reached bottom—showed the combined index of leading indicators still falling; only security prices, which had been rising consistently since October 1960, and the lay-off rate were giving clear signals of an approaching recovery. It would have been reasonable enough—and platitudinous—to predict recovery within a few months. But to predict it as soon as February would have been art rather than science.

Much discussion among analysts recently has concerned the use of "diffusion indices." These are another kind of leading indicator and the theory behind them is simple and plausible. Turning points do not affect all industries at once. A recovery (or a recession) begins first at a few points and gradually spreads. Thus well before the index of production as a whole turns, production in a steadily increasing proportion of individual industries should have turned. The theory is applied by computing the proportion of the components of a total index which are moving up (or down). Essentially, this

is the principle adopted in the "business-test" inquiries initiated by the IFO-Institute in Munich and conducted by the FBI in Britain. But there are, again, considerable uncertainties in interpreting such diffusion indices, and they require

PERFORMANCE OF LEADING INDICATORS

These leading indicators are the National Bureau's 1960 list. The performance records shown cover 17-20 cyclical turning points (i.e., since about 1920) for numbers 1-7 and 41-48 turning points (i.e., since before 1900) for numbers 8-10.

	Percentage of turning points led		Number of peaks and troughs in "private cycles" (1)	Mean lead in months		Months for cyclical dominance (2)
	Peaks	Troughs		Peaks	Troughs	
1. Average weekly hours in manufacturing	75	55	2	7	3	2
2. Accession rate in manufacturing	100	80	2	15	6	3
3. Lay-off rate in manufacturing	100	90	4	11	5	3
4. New orders received for durables	75	75	2	11	3	3
5. Housing starts	70	70	6	12	5	3
6. Commercial and industrial building contracts	67	50	4	11	1	5
7. Prices of industrial materials	75	40	2	9	1	2
8. New business incorporations	60	75	13	5	4	3
9. Liabilities of business failures	70	75	2	12	7	6
10. Index of security prices	75	70	6	5	6	2

(1) Specific cycles in each indicator which turned out to be irrelevant to general business cycles. (2) Number of monthly observations needed to establish a turning point. A large number denotes large irregular fluctuations.

heavy computing. The results tend to be erratic. At present, the diffusion indices do not seem to give clear warning signals much before turning points. But they are being regularly compiled and patiently analysed and will no doubt find their place in the analyst's tool-kit.

What can historical analogy tell us about the probable course of the present American expansion? First, the expansion came after a fairly gentle and short decline—probably the shortest and shallowest of the four post-war recessions. Precedent thus argues for a fairly slow expansion. The National Bureau's records do not tell us much about the probable duration of the expansion. However, the post-war cyclical pattern, both in duration and amplitude, has been somewhat more uniform than before. The expansion periods have been 37 months (1945-48), 45 months (1949-53), 35 months (1954-57) and 25 months (1958-60). The shortest expansion on record since 1920 was 21 months. Those who are willing to trust historical analogy may feel it unnecessary to do more than glance at the leading indicators before early next year, and their faith may be shaken if the next turning point comes before the end of 1962.

ARE the National Bureau's techniques applicable to the forecasting of short-term economic change in Britain? Certainly the British post-war economy has been subject to business cycles of a kind: with industrial production peaks in early 1951, late 1955 and mid-1960 and with troughs in mid-1952, mid-1956 and (perhaps) early 1961. There are two important differences from American experience. British recessions have been much milder; the index of production has only once fallen significantly (in 1951-52). This makes the "troughs" extremely difficult to identify. And the timing of turning points has been determined less by natural reactions of

business and consumers than by sharp changes of Government policy and external events. Who can say how long the boom of 1955 would have continued if it had not first been stimulated by Mr Butler's spring budget and then suppressed by the measures taken in the autumn? Would recovery have come at the end of 1956—there were faint signs of it—had not Suez intervened? Or at the end of 1957, had it not been for Mr Thorneycroft's measures? When would the rapid expansion at last set off by Government action in autumn 1958 have come to an end, if the Government had not braked it in the spring of 1960?

So far, British Governments have never felt secure enough to let economic forces take their own course. Nor have they been able to resist the temptation to give the business cycle an upward push when it seemed safe to do so. The economic analyst, consequently, has necessarily tended to concentrate attention on the dominating tendencies of the balance of payments, with a weather eye always directed at the probable reactions of the Government. Government actions are subject to rational analysis, but not—at least, not yet—to the precise statistical analysis that can be applied to the aggregate behaviour of a multitude of businessmen.

BUSINESS NOTES

STERLING

If Funds Flock Back

STERLING was in strong demand on the first three days of this week, and the rate rose smartly from \$2.80½ to \$2.81½, its highest this year. The rate fell back a little on Thursday but buying continued at the lower level. Monday's announcement of the August gold figures, showing a net rise in the reserves of £40-£50 million *ex official transactions*, gave formal confirmation to those who needed it that the tide had turned, and this induced a momentary return of optimism to the London stock markets and a widening of confidence in sterling. In the exchange markets, however, these figures were not the predominant influence of the week. The clue to the heavy buying of sterling from France and Germany lies in the date. It is exactly six months since Germany and Holland revalued their currencies and gave sterling what may have been the worst week in its history.

Among the speculative transactions then undertaken were heavy forward sales of sterling short—sometimes for six months ahead and more often for three months, these in turn often being renewed in June. This week operators have had to meet their commitments by buying sterling at a far higher price than that at which they have contracted to deliver it, and the Bank of England has sensibly seen no reason to minimise this loss by checking the rise in the rate. There have also been considerable

purchases for commercial transactions, some of which had also been delayed on speculative grounds.

But it seems, too, that money is now beginning to flow to London for short-term investment. Investment dealers abroad have begun to point out the attractions of interest rates at 6½ per cent plus available in London; and while the differential over other centres is still broadly offset by the cost of forward exchange cover, many operators are likely to feel that there are bigger risks awaiting them than a devaluation of sterling in the next three months. The flow of foreign money to London is not yet large. It has had little apparent effect on the local authority mortgage market this week, where rates have actually hardened a little, bringing seven-day money to 7½ per cent at one time on Tuesday. But the inflow may be about to gather momentum. If it does, the London authorities may declare themselves embarrassed. They have no wish to draw in any large new volume of short-term funds, least of all from the United States. At the same time they will not want to be rushed into a premature first reduction in Bank rate, which would be read at home as a sign that the economic troubles were over. The Bank of England has in fact been keeping the discount market on a significantly tight rein in the last week or two.

There is an easy way out of this supposed

dilemma. If the foreign funds do come flocking back, Britain can simply use them to repay, *pari passu*, advance instalments of the credit from the International Monetary Fund. This would avoid any embarrassment to the United States and would give an encouraging demonstration to the conservative Europeans of the use of short-term international credit. The modest net cost in interest involved in incurring new obligations at market rates and prepaying artificially cheap official credits would be well worth while.

One uncertain element in the prospect is the international political situation. The effect of a modern war on investment and finance remains incalculable, which is not surprising when its effect on much more important things is itself incalculable. Some financial operators, like some political and diplomatic operators, still regard a war threat as a war threat, demanding a conventional reaction—go liquid, sell sterling, buy gold. But others in the last few weeks have taken a more realistic modern view, which is bluntly that the right reaction to an unforeseeable consequence is nil. Admittedly, gold has been in demand—private buying has continued in London this week, and the only central banking activity has been selling by the Bank of England to keep the price in check, at around \$35.20. But, remarkably through this period of international crisis, sterling has been bought. Moods can change quickly; but at present some people evidently feel that the external political threat is simply too big to be taken into account.

The Basle Holdings

THE reserves rose in August from £876 million to a comfortable £1,245 million, a figure surpassed only at the height of the Korean boom. The rise of £369 million was an artificial result of a complex of official transactions. Britain's drawing on the International Monetary Fund brought in the equivalent of £518 million (leaving £17 million or so to be drawn this month, aside from the stand-by facility of £178 million which is likely to be left undrawn). But "some £200 million" of the IMF credit was immediately used to repay Continental central banks, thus discharging "the greater part" of liabilities accumulated under the Basle arrangements in earlier months. These repayments have played havoc with reserve figures all round, being responsible for the fall of \$150 million in the United States gold stock last week, as Continental countries converted repaid dollar credits into gold, but in other cases deflating their holdings of foreign exchange.

The two smaller official transactions affecting Britain's figures were a payment of £10 million on old debts incurred under the European Payments Union, and receipt of £27 million from the advance repayment by France of all its own remaining EPU debts. But France used some funds already accumulated in London for this repayment, and its purchases of sterling during August were significantly less than £27 million. If these are put at £10-20 million, the net rise in the reserves excluding official transactions was £40-50 million. This happens to be almost exactly the same as the net rise in the month following Mr Thorneycroft's 7 per cent Bank rate in 1957.

The intriguing question that remains is what will now happen to the lesser part of the Basle credits. These may possibly total £100 million, though no estimate is very meaningful. For there is now no hard and fast distinction between the remainder of the credits granted by Continental central banks after the March meeting in Basle and funds they keep in London in the normal course of business. At the end of 1960 official holdings of sterling in Western Europe were already as high as £236 million. The course of these holdings in coming months will be determined by normal banking and commercial considerations, in which the high level of London interest rates will presumably be significant, as it was in 1960.

INTERNATIONAL FINANCE

The Jacobsson Plan

THE main issue before this year's annual meeting of the International Monetary Fund which opens in Vienna on September 18th is the plan to supplement the Fund's resources by arranging potential lines of credit from creditor countries; and, as us-

ually happens, it is the creditors who have to be won over. Today this means not the United States but Continental Europe, and notably the Six. Their finance ministers and central banking chiefs met at Bad Godesberg on Tuesday to consider their attitude. They came nearer to a common position, but differences in approach remain. On the conservative wing, the French, and also the Belgians and Dutch, prefer not to commit themselves to specific sums that could be called in credits to the Fund, and maintain that creditors should have a right of veto. The Germans and Italians recommend set figures and are content to leave decisions on the calling of credits in the hands of the Fund.

But the Six did approve in general terms the plan that has been drawn up by Dr Jacobsson, managing director of the Fund, which follows the principles of the Bernstein plan but fits it into the framework of the existing articles. This approval in principle by the Six could turn out to be more significant than their remaining reservations. Thus Dr Jacobsson is likely to point out that the dispute over a right of veto is somewhat unreal, for two reasons. In the first place, no stabilisation credit can be launched in practice without the willing consent of the participating creditors. Secondly, Fund decisions are themselves taken by the Executive Directors who are in turn responsible to national governments. Dr Jacobsson, who has been passing through London this week, went on to Paris; and he at least is not pessimistic.

AIRCRAFT INDUSTRY

Farnborough Clouds

THE clouds that hung over the Farnborough air show this week were not wholly due to the weather; there is bound to be a sense of anti-climax about any exhibition staged with such pomp for so little ostensible result. To gibe at the industry because it has nothing new to show is unfair and unrealistic; when aircraft and missiles take so long to develop, an aircraft industry the size of the British cannot produce fresh designs every year—indeed it has no business to try. But the organisers will have to make up their minds whether to retain Farnborough as a serious trade shop window, which it used to be—in which case an annual exhibition can no longer be justified, when it has to be padded out with service displays using aircraft of no conceivable interest to visiting technicians—or whether to treat it as a mammoth exercise in public relations and concentrate instead on providing a circus for the days when the public is admitted, as to an increasing extent they seem to do. If anything were needed to damp the industry's spirits, it was the knowledge that after months of consideration, Trans-World Airlines had taken the plunge by ordering 20 French-built Caravelle airliners with an option on a further 15. TWA

will be the second major American airline to opt for Caravelles and was one of the last big customers still shopping for a medium-range aircraft. One remark frequently repeated during the show was that every project, from Blue Streak to vertical take-off, marks time while the Ministry of Aviation conducts interminable negotiations with potential foreign collaborators who would, the industry argues, be more impressed if they saw some evidence that the British government had sufficient confidence in the ideas it was selling to back them to the hilt at home. And indeed it would be wrong to think that this country has nothing to sell or to teach. There was a notable quickening of foreign interest during demonstrations of the Handley Page research aircraft. This machine may not impress the public very much, but it is designed to test the take-off and landing behaviour of a hypothetical supersonic airliner. Observers appalled at the searing speed with which this tiny research machine landed wondered how a full-sized 200 ton airliner could be expected to behave.

Battle Royal

THERE is still one field of aviation in which Britain leads the world—no other country has anything to compare with the two workable vertical take-off engines that are now out of the laboratory and looking at Farnborough for buyers. This, it is only too plain, is a source of embarrassment to the Government which hardly knows what to do with either of them and is caught in the cross fire of a battle royal between the two warring companies that build the engines, Rolls-Royce and the relative newcomer, Bristol-Siddeley.

Vertical take-off means heavy engines, since there must be enough power to lift the full weight of the machine off the ground unaided without the help from aerodynamic lift that comes into play when a normal aircraft accelerates down a runway. Heavy engines mean shorter range or less payload, but the penalty is kept to the minimum, so Rolls-Royce argued, by using a battery of lightweight engines solely for lifting and other normal engines for propulsion. As the lifting engines would never run for long, they could be specially tailored for the role, and the current Rolls-Royce designs are capable of raising 16 times their own weight. This is the most proven system of vertical take-off in the world and as demonstrated in the Short SC1 research aircraft is most impressive, as was obvious when it was first shown outside this country at the Paris air show a few months ago.

It seems, however, to have no future in this country because the RAF dislikes the idea of any front-line machine using large numbers of engines, with the risk of multiplying the opportunity for technical faults. The RAF, therefore, has given its backing to Bristol Siddeley's single-engine system where swivelling ducts are attached to each corner of a central power plant; these give

a downward blasting jet at take-off and gradually swing to the horizontal as the aircraft gathers height and speed. The company seems to have made a tactical mistake in not demonstrating this engine in flight at Farnborough. Meanwhile the Ministry is very properly seeking French and German collaboration before designing a strike fighter (*nom de guerre* for a light bomber) around this engine. But what now is it to do with Rolls-Royce? The Rolls-Royce system has apparently no future in this country, yet it works outstandingly well and appeals to some foreign designers, including the brilliant French company Dassault, more than does the Bristol-Siddeley system. Ought the Ministry of Aviation continue to support Rolls-Royce in the hope that the company will eventually find a market that for the moment does not appear to exist? It has done this before with projects like the Rotodyne and lived to regret it. This dilemma, which was visible a year ago, has now become acute and is aggravated by doubts that vertical take-off aircraft of any kind may yet prove too expensive for the country's strained budget. Off-the-cuff guesses by foreign engineers put the price of an effective vertical take-off machine at considerably more than £1 million apiece; even if this is wide of the mark the bill is bound to be higher than that for an equivalent normally-propelled machine.

TIN

Shake-Out

SPECULATIVE buying on the prospect of a shortage of tin exhausted the buffer stock of the International Tin Council by the end of June, shattered the buffer stock manager's "ceiling" price of £880 per ton and forced the cash price up to £994 at the end of last week. The council then canvassed the possibility of releasing tin from the United States stockpile; it has been almost embarrassingly successful, for the stockpile appears to be ready to dispose of as much as 50,000 tons.

The timing, prices and quantities of these sales are not yet clear; the General Services Administration promises that releases will be made "from time to time, in small quantities, on an orderly basis and with due regard to producer and consumer interests." The difficulty for the stockpile and for Congress is to reconcile the interests of consumers in a low price and the interests of such a producer as Bolivia in a high one. The impact of stockpile sales is practically impossible to predict. Wednesday's news brought the cash price of tin on the London Metal Exchange down by £37½ to £935½ and the three months forward price by £30 to £949½ per ton. This was immediately reflected in sharp falls in tin shares, with Tronoh falling by 7s. 9d. to 67s. 6d. With the speculators winded at least temporarily, the market was more orderly on Thursday and on the more sober reflection that the

stockpile would aim at securing a good price, cash tin recovered to £956½ and three months forward tin to £966½. The shake-out is salutary. The council is considering the possibilities of raising its floor and ceiling prices and the United States recently indicated that it was prepared to discuss terms on which it might join the International Tin Agreement. Co-operation between the council and the United States, not least on the disposal of the stockpile tin, should promote a less volatile market.

MACHINE TOOLS

Working to Order

SO often in the pillory for slowness in increasing output or exports at times of pressure, the machine tool industry should earn a compliment or two on the latest figures of its performance, especially from the Chancellor. Home orders have fallen this year reflecting the now widespread easing of new demand for capital equipment, though the drop of 17 per cent can be put down partly to heavy ordering of new machine tools by the motor industry in

PROFITS AND DIVIDENDS

Lower Returns

COMPANY reports in July and August, analysed in the customary way in this office, show a number of interesting features in both profits and dividends. The figures as a whole relate to a notional accounting year that ended about March 31st and so reflect only to a limited degree the further pressure on profits evident through the summer. The profits shown were earned long before, and many of the dividends declared some time before, the Chancellor made his request for dividend restraint. The net ordinary dividend payments of these companies were higher but, as the increase in profits tax cut down equity earnings, the cover on these dividends fell. As industrial profits are more likely to fall than to rise in the coming months, company directors will see the need for restraint; the Chancellor is preaching to a receptive audience.

PROFITS AND DIVIDENDS

(£ million)

	238 Companies reporting in July		Increase per cent	158 Companies reporting in August		Increase per cent
	Previous year	Latest year		Previous year	Latest year	
Trading profit.....	166.4	181.3	+ 9.0	121.4	129.4	+ 6.6
Gross profit*	127.6	137.3	+ 7.5	96.5	101.6	+ 5.3
Net equity earnings*	62.3	64.7	+ 3.9	46.0	46.9	+ 2.0
Net ordinary dividends	29.6	33.5	+13.2	20.7	22.9	+ 5.8
Times covered	2.1	1.9	...	2.2	2.1	...
Net equity assets	698.7	794.2	+13.7	461.5	514.9	+11.6
Gross profit/net assets, per cent ..	18.3	17.3	...	20.9	19.7	...
Net earnings/net assets, per cent ..	8.9	8.1	...	10.0	9.1	...

* After deducting non-recurring credits.

the spring of last year. Meanwhile export orders have been rising almost as sharply as home orders have dropped.

This change in the pattern of ordering has been accompanied by a considerable increase in output. Up to June production so far this year was a third higher in value than in the corresponding months of 1960. Although the industry's total order book has continued to mount, from £105.7 million last December to £113.7 million in June, delivery dates have in consequence tended to shorten. In terms of months' output at current rates of activity, the amount of work represented by outstanding orders has dropped from the equivalent of 12½ months to 11½ months. This has helped to sharpen the industry's competitiveness in export markets.

OVERSEAS DEVELOPMENT

Tense, but No Ill Feeling

THE distinguished practitioners of world development who conferred together at New College, Oxford, last week were mostly rather self-conscious about the Tensions in

Development they were supposed to be conferring on—under the auspices of the Council on World Tensions, Inc. (formerly: World Brotherhood) and the Overseas Development Institute, of London. It had not been made plain, after all, whether tensions were bad or good; certainly it emerged very quickly that they were an inseparable part of economic development. Yet despite the wooliness of the theme, and an excess of organised activity, most of the participants felt that the week snatched out of an overcrowded working life was worth while. These men who are responsible for planning and carrying through the programmes of economic development have far less occasion than the politicians for meeting their opposite numbers in other countries and their contacts in international agencies; and the legendary exchange of views does them good.

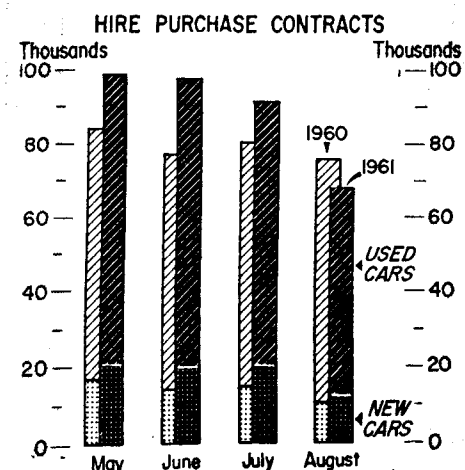
This conference on tensions was, indisputably, a conference of goodwill: it happened that some notable representatives of extreme wings of thought, of the Ghana-Guinea school on the one hand and of orthodox French finance on the other, failed to turn up. Even so, the conference brought out the continuing, and to many westerners still surprising, force of anti-colonial feeling among Africans. Significantly, however,

SPENDING AND BORROWING

August Backwash

SHOPPERS did not go quite so gay in July as had been first thought. According to the Board of Trade's final estimate, retail sales, seasonally adjusted, rose 3 per cent above the June level instead of the 4 or 5 per cent which the first shot at the figure had suggested. However, it still left July the retailers' best month ever.

Not all of the 3 per cent rise can be accounted for by anticipatory buying before the Chancellor put up prices. Food sales, which had fallen in June, were back to the high level of May, and their recovery alone pushed up the total index of sales by one per cent. Admittedly off-licences are grouped with food shops, but the 12 per cent increase in their sales over July 1960



this applied very little to India, which has now reached a maturity and a poise of its own in the development process. There is much less emphasis on the forms of aid that are deemed to be philosophically acceptable; the great contribution made by the western aid consortium is generally recognised, and the surveillance exercised by that group is to some extent actually welcomed by Indian planners in that it gives their schemes a stronger weight in the political arena.

Seen in its wider context, the striking fact about Indian development is the head start given by the existing framework of administration and education. These, everyone is now agreed, are the top priorities for Africa, where India itself has an important part to play in helping to provide them. Some observers contend that no real progress will be possible without creation of an international administrative service capable of offering long term contracts and of taking a firm grip on the work at present inadequately done by a score of unco-ordinated and in part competing agencies. The prompt reaction of the Overseas Development Institute itself to the Oxford Conference has been to decide to press ahead at once, by influence, advice and action, towards these practical goals.

BUSINESS NOTES

THE ECONOMIST SEPTEMBER 9, 1961

seasonal trend; but the leading car manufacturers are inclined to think that total sales may have fallen by rather more. This would imply a rise in the proportion of new cars bought on hire purchase, and it is possible that buyers who would ordinarily rely on bank credit found themselves forced to turn back to hire purchase last month. At the same time, admittedly, the leading finance companies tightened their own credit terms. But the rise from 20 to 25 per cent in minimum deposits is unlikely to have been a strong deterrent to purchasers of new cars, most of whom get a substantial credit from a trade-in. At the other end of the market business in the older cars has been hit from a number of directions—the rise from 25 to 33½ per cent in minimum deposits, the growing reluctance of finance companies to finance such vehicles at all, and stronger enforcement of the government testing scheme. The structural change in the car market in Britain, involving the effective elimination from the market of the old faithfuls, is still in process.

IN THE MARKETS

Funding the Overdrafts

As expected the queue of companies coming forward to make rights issues has lengthened in the past week and it may be expected to grow longer in the next few weeks as the banks bring further pressure on companies to reduce their overdrafts. Funding has been the principal object of many of the issues announced this week. Of these by far the biggest came from Thomas Tilling and the Ross Group, both of which had large overdrafts; Tilling's amounted to £4.2 million at the end of December and Ross's to £3.7 million in the middle of July. The Tilling issue follows hard upon the heels of the placing by one of its subsidiaries, James A. Jobling, of £1½ million in a 7 per cent debenture. If the Tilling ordinary dividend is maintained at 20 per cent its new money is being raised at just over 4½ per cent.

The Ross Group has grown rapidly in recent years and in addition to its fishing interests it has a sizeable stake in frozen food. Its financial year closes at the end of this month and its net equity earnings are estimated at £703,000, against £468,000, to cover the dividend raised from 20 to 22 per cent 1½ times. A similar payment is forecast for 1961-62 when the new shares will rank for dividend. Polycell

	Amount raised	Basis	Issue price	Current price	Value of rights
Thomas Tilling	3,263,000	1 for 9	18/6	23/9	5d
Ross Group	3,114,000	3 for 10	15/-	20/-	1/1½
Orion Insurance	1,050,000	7 for 13	60/-	132/-	25/-
Polycell Hldgs.	710,000	1 for 5	5/6	7/12	2x/-
Chartered Bank	—	1 for 5	—	51/9	—

Holdings will use the proceeds of its issue to reduce bank loans of about £900,000 incurred in building a new factory and the general expansion in business brought about by the "do it yourself" movement.

THE ECONOMIST SEPTEMBER 9, 1961

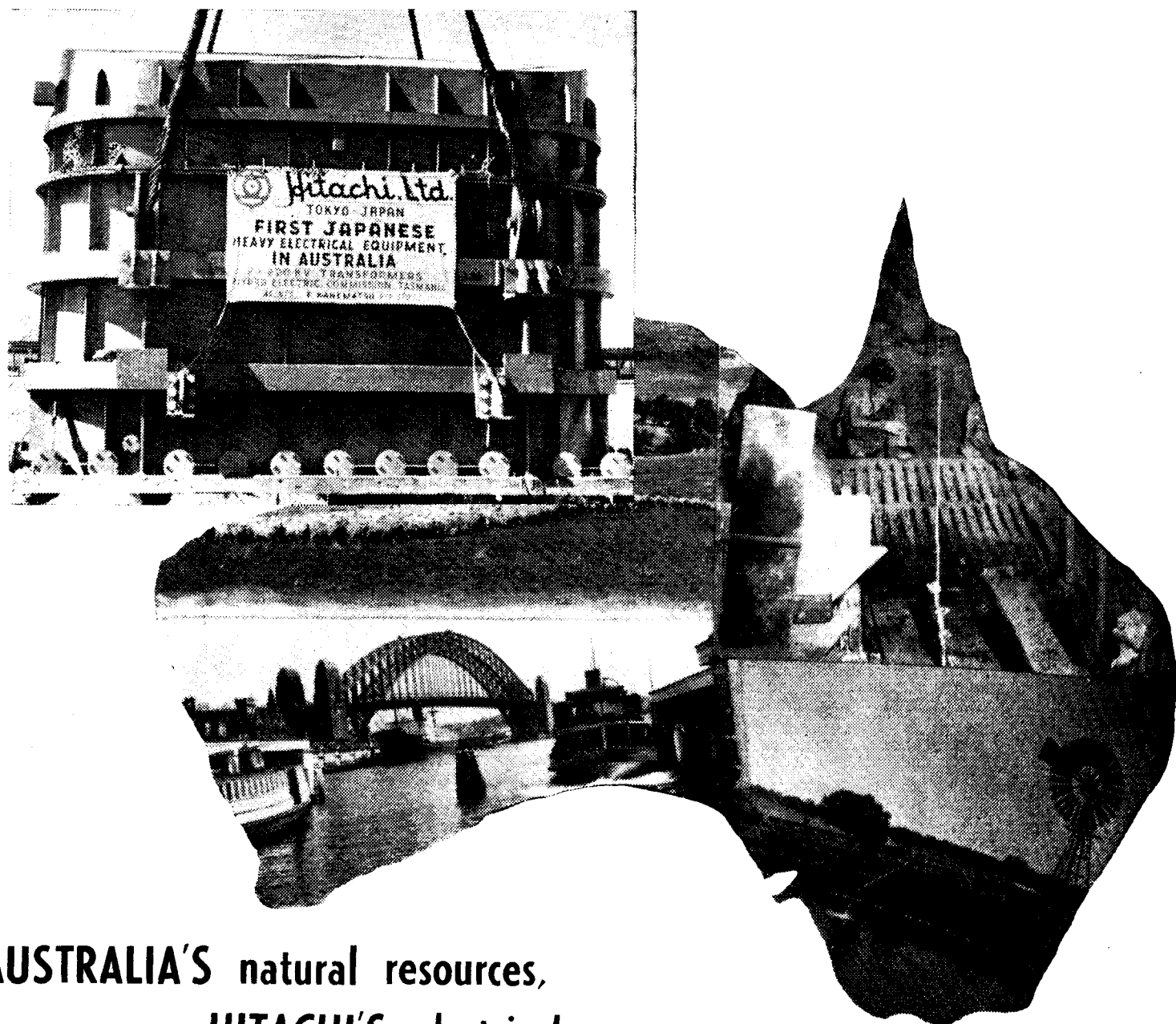
OVER 1,250 OFFICES IN 41 COUNTRIES

Over 1,250 sources of expert local knowledge manned by Barclays D.C.O. staff in 41 export markets. Over 1,250 separate nerve centres registering each move, each development in 41 different areas of the world. Within each of those areas dwell thousands of people. People who must be fed and clothed, who must work and, through working, find relaxation. And day by day the nerve centres are at work; noting, recording and storing the mass of information which such needs create. To Barclays D.C.O., here in London, that information is relayed; and to all businessmen of Britain the same information is available, either in the form of specific help or general assistance, both at home and in the countries of East, West and South Africa, the Mediterranean and the West Indies. That's how Barclays D.C.O. is helping Britain's drive to sell more goods abroad.

BARCLAYS BANK D.C.O.

Barclays Bank D.C.O. 54 Lombard Street, London EC3 Britain's Largest Overseas Bank

	Amount raised	Basis	Issue price	Current price	Value of rights
Thomas Tilling	3,263,000	1 for 9	18/6	23/9	5d
Ross Group	3,114,000	3 for 10	15/-	20/-	1/1½
Orion Insurance	1,050,000	7 for 13	60/-	132/-	25/-
Polycell Hldgs.	710,000	1 for 5	5/6	7/12	2x/-
Chartered Bank	—	1 for 5	—	51/9	—



AUSTRALIA'S natural resources, HITACHI'S electrical resources . . . A NEW AND POWERFUL COMBINATION

At the height of this event-filled year*, Hitachi, Ltd. of Japan announces a major first—the introduction, for the first time, of Japanese-made heavy electrical equipment to resource-rich Australia.

Two Huge Hitachi 30 MVA transformers have already been delivered to a Tasmanian port. The three-phase, 50-cycle transformers, of the self-cooling type and rated at 11 kV delta to 230 kV

work with solidly-grounded neutral are, as usual, Hitachi-designed, Hitachi-engineered, Hitachi-manufactured.

Destined for the important Catagunya Power Station of Tasmania's Hydro-Electric Commission, this equipment is another strong link in Hitachi's chain bolstering international natural resources.

 **Hitachi, Ltd.**
Tokyo, Japan
Cable Address: "HITACHI" TOKYO

* Another Hitachi "event of the year":

Fortune magazine's official announcement lists Hitachi, Ltd. as the 17th largest firm in the world (excluding the U.S.) and as the first company of Japan.

The directors believe that a considerable increase in turnover will occur in the next few years as new products are marketed.

Among other companies planning issues is London County Freehold, whose full report revealed an overdraft of £1½ million and big commitments. It now proposes to increase its authorised capital. Purnell, the printers, also had an overdraft of over £1 million at its year end and it is engaged on a big development programme, but instead of a straightforward rights issue the new capital it needs may be raised by an issue of convertible loan stock. Two banks also are seeking further capital. The Chartered Bank in announcing an interim dividend of 7½ per cent (against 8 per cent before a one for ten scrip issue) has given details of a rights issue, except the price. The National Bank is proposing to follow the example of other London clearing banks in asking the Courts to sanction the elimination of the uncalled liability on its ordinary shares, which would make them more marketable, and also eligible for trustee investment. At the moment the nominal value of these shares is £5, £1 paid. The bank's chairman, Lord Longford, says that the directors are considering a rights issue "when market conditions are suitable."

Investors' Holiday

THE London stock exchange has had another quiet week. In contrast with Continental bourses, where the international tension has taken a further toll, most markedly in Germany, London prices have been steady. The equity market was cheered by the gold figures at the beginning of the week, but by Wednesday caution had returned. The international situation was cited as an influence, but the fact is that Britain's domestic economic prospect provides sufficient reason itself for restraint.

In the gilt-edged market the undertone has remained firm, and prices have again been marked up a shade, but the volume of business has been small. The government broker has succeeded in resuming his fundingsales in the past few weeks, though the volume of net sales is unlikely to have been large. The market has however been little troubled by trustees. Most of those who were set on switching into equities at the first opportunity had already disposed of their gilt-edged well in advance. There is a trickle of switches from gilt-edged to equities, but transactions of say £500,000 that may cause a noticeable effect in the equity market when spread over a few stocks are hardly noticed in the gilt-edged market, now that there are buyers as well as sellers about.

OIL TANKERS

Surplus Sustained

THERE must be something in the make-up of an oil tanker owner that breeds perpetual optimism. In the first half of a year in which more than 5 million tons dead-

weight of brand new tankers are due to be added to a world fleet of some 65 million tons, and in which so far there has been not one minute sign of the surplus of tankers disappearing or of tramp freight rates reviving above a marginally profitable level, they have added another 3 million tons to the order books of shipbuilders according to the latest review published by John I. Jacobs & Co., the firm of tanker brokers. Builders of tankers are no doubt grateful for this wholly unexpected spate of ordering (though this is hardly shared by British yards who secured little of the business). Why these orders have been placed is hard to fathom. The greater part has come from tramp tanker owners, principally Norwegian, and for delivery in 1962 and 1963. The Greeks have been notably absent—and they are usually pretty accurate in their soundings of coming trends. Contract prices are not likely suddenly to rise; indeed they could conceivably shrink further still as more and more yards become desperate for immediate work to keep themselves going.

Equally, the portents give no assurance of more profitable employment for oil tankers in the coming few years. Overhanging the market for tramp vessels, apart from the deadweight of new tonnage on the slipways which may well amount to another 5 million tons next year, are the various fleets "in waiting." By June, when world oil move-

SHIPBUILDING

Divided Teamwork

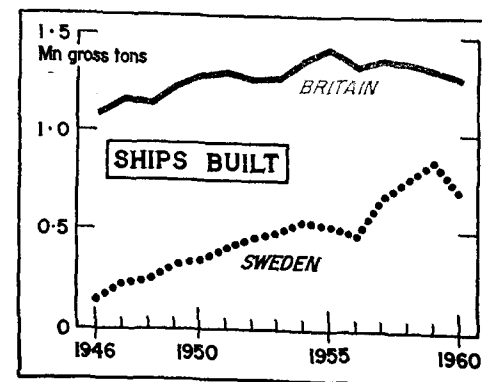
CONTRASTING impressions brought back by the management and trade union members of an eight-man productivity team sent by the shipbuilding industry on a five-day visit to Sweden in October, 1959, appear to have been considerably toned down in the long interval between the public comments of some of the members immediately on their return and the joint report* that has finally emerged. The report bears many signs of the bonelessness to be expected from dual editing, but an overt difference of conclusion is registered only once. On the Swedish shipbuilders' practice of regularly moving men about from one department of a shipyard to another according to the progress of work and their employees' technical competence, the four trade unionists argue, in a bleakly worded footnote, that such interchangeability of labour occurs mainly so as "to avoid redundancies and to relieve bottlenecks, and is not practised promiscuously as contended by the employers' delegation."

This single difference would seem to be crucial. For the principal conclusion drawn by the team as a whole is that the much greater flexibility of Swedish labour, which directly arises from common membership of a single trade union (apart from a few foundrymen) and which enables management to deploy a fairly constant labour force

* Shipbuilding in Sweden: British Productivity Council. 5s.

ment reached its annual low point, over 4½ million tons of tankers were laid up and a record 2 million tons were busily carrying grain to China and other stations. Allowing for the idle tankers that are not likely to be fit for the open sea again, for existing contracts in the grain trade, and for the possibility of a resumption of the American seamen's strike this autumn, the Jacobs report suggests that the winter revival in oil carryings may squeeze the market a little more this year, though not if it is again suddenly flooded with a large number of laid-up tankers all reactivated at once as happened last December. Beyond the immediate few months, all the pointers remain bearish. Tonnage removed from the world tanker fleet by scrapping, permanent conversion, and losses at sea still remains at less than 3 million tons a year. Oil consumption continues to grow, but the restriction upon American imports and the opening up of oil fields in North Africa augur a slower rate of growth in the ton-mileage of oil moved by sea. The larger oil companies are again chartering tankers on long-term contracts, upon the expiry of contracts placed at the time of the Suez crisis, but at rates that offer very thin profit margins. In their own new building plans, the oil companies are remaining decidedly, and perhaps significantly, more cautious than tramp owners.

efficiently, is primarily responsible for the high level of productivity attained in Swedish shipyards. Beside the comparatively harmonious atmosphere of management-labour relations in Sweden and the concomitant absence of demarcation arguments, all other possible contributory factors apparently pale into insignificance. The report does not say whether this explains how Swedish yards manage to turn out rather more than half the tonnage of new shipping that British yards produce with a total labour force of one-seventh of that employed in Britain—a contrast that remains unpleasantly sharp after all allowances are made for the wider range of ships built here and the purposeful concentration upon fairly standard cargo carriers and oil tankers in Sweden.



Indeed, in a report supposedly concerned with productivity, the team gives no specific measures of the differing performances of the two industries. No estimate is given of how much higher Swedish shipbuilding productivity is. Given the statistical difficulties in an industry that mainly assembles rather than manufactures, this may be reasonable, although one oil tanker owner has privately calculated that British yards took (in 1959) about 13 per cent more man-hours per ton of steel erected in tanker building than the Swedish, and almost 40 per cent more than German shipyards. Hourly wage costs are higher in Sweden (about 40 per cent more in 1959 according to the report on shipbuilding by the Department of Scientific and Industrial Research last December); and at the time of the team's visit, too, Swedish shipbuilders paid more for their steel. Yet their prices were, and remain, significantly lower—as is plainly evident from their continued success in exporting. While Swedish yards regularly build about two-thirds of their new tonnage for foreign owners, Britain has now become, after Norway, the world's largest net "importer" of new ships.

Relations in the Yards

As the Minister of Transport will doubtless discover in the course of a visit to two of the largest Swedish shipyards next week, there is much to learn from the way in which this compact, highly paid, highly efficient, and steadily expanding industry conducts its operations. But even Mr Marples may come back sharing the doubts the team evidently entertains about the chances of quickly transplanting in Britain (if at all) the kind of relationships between employers and men, formal and informal, that exist in Sweden. For the productivity report recognises that, apart from the immense convenience offered by the absence of a plethora of separate unions, the particular atmosphere prevailing between Swedish shipbuilders and their workmen also springs from the mutual confidence and the recognition of common interest nurtured over the twenty years since the two sides first agreed formally to discuss their industry's problems, as well as from the different statutory framework in that country governing wage negotiation and the arbitration of unsettled disputes. At the lowest level, in the individual shipyard, Swedish management provides, and is prepared to discuss, regular reports on the yard's technical and financial situation at meetings of the yard's "enterprise council" (*anglicé*: works committee). A similar practice showed signs of emerging in British shipbuilding during the war, but many of these yard consultative committees have since lapsed into disuse. The Ministry's shipbuilding advisory committee earlier this year recommended that they should be revived, and the productivity team adds its own (and its only) proposal that the Shipbuilding Employers' Federation and the Confederation of Shipbuilding and Engineering Unions should set up a joint com-

BUSINESS NOTES

mittee to investigate the use of manpower in British shipbuilding. Neither of these suggestions, for masters and men to get together at the lowest and at the highest level, can work without frank readiness to respond by both sides. The climate created by the deepening recession in shipbuilding and by the publication of three different reports on the industry, written from within and without, in the last nine months ought at least to impart a sense of necessity. British shipbuilders' efforts at modernisation and their devotion to research and development have not emerged very favourably from the two previous study reports. In the latest report, a team of employers and unionists apparently agree that Swedish shipbuilding techniques are not really any more advanced than those already known or practised here. The main differ-

ence is in attitudes towards the working of up-to-date methods. Whether Swedish employers deploy their men "promiscuously" or not, British shipbuilders should appreciate that they will only induce a warmer response to change in their men if their own attitude to labour becomes genuinely, and permanently, co-operative.

CANADA

The Floating Rate Paradox

WHEN Mr Donald Fleming announced in his June budget that he intended to use the exchange fund to push the Canadian dollar to a "significant discount,"

Atomic Fracas in Sweden

BY A SWEDISH CORRESPONDENT

CONFLICT between the Swedish Atomic Commission and the Power Board, long brewing, has broken through the barrier of official restraint with the presentation by these two government authorities of their estimates for 1962-63. The Power Board requests altogether £30 million for conventional hydro-electric developments; the Atomic Commission needs £10 million to carry out research and development work which aims at a 100 MW nuclear power station in service in 1967. The commission would then dearly love to progress to more economical stations in the 250 to 500 MW class by about 1975.

But the Power Board is aghast at the idea of having to finance and operate an atomic power station costing £26 million with a capacity of only 100 MW. The board is required by statute to show a return on its investments and, to make such a plant pay, charges would have to be raised by 6 to 8 per cent. The conflict between the two authorities goes deeper than these cost comparisons suggest. Atomic research has proved very costly and the commission has little to show for considerable sums spent on its three reactors, two of them for research. A heavy water-moderated reactor will be put into service in 1963 at a cost of £12 million to provide domestic heating; it is said to be the most luxurious heating since the Roman baths.

The penny-pinching Power Board wears a hair shirt of its own design. Its operations are rationalised in minute detail. Construction costs at its underground power plants have been brought down by paring pennies from its basic cost unit—the removal of a cubic metre of rock. A site engineer who uses a kilo of dynamite more than necessary on a shot has no future with the board. Its construction camps are probably unique in that visitors are expected to pay for their own lunch.

The Swedish Power Board certainly knows the exact cost of power development. It commits itself to building hydro-electric stations to give an annual output of 22,000 million units for an average cost of £83 per installed kW. During the second half of this decade they will be built for £55 per kW. The board builds conventional steam plants at £38 per kW. It does not bother to publish estimates for nuclear plants, but the one under debate will cost something like £242 per kW. It estimates that costs of conventional fuels will not increase appreciably before 1970, but are likely to rise thereafter; lower uranium prices and the exhaustion of the most economical power sites in the north, the board thinks, will make atomic power economic by 1975.

The Atomic Commission does not rebut the board's figures, but insists that cancellations or postponement of the fourth projected reactor would jeopardise the domestic atomic programme by breaking up research and design teams that might never be put together again. The commission refers to recent American and British developments where newly planned nuclear stations are expected to be economically viable before 1970. But the Power Board is adamant. It will not take on R-4 as a commercial proposition. But it is willing to participate in its development to the extent of £3½ million, in addition to the £1.4 million already spent on the preliminaries, provided the project can be classed as a pilot plant apart from its serious business of providing power at the lowest possible rates. Recent Swedish laboratory excursions into the possibilities of thermo-nuclear power raise no excitement at the board's engineering headquarters; its concern is chiefly with finding the cheapest means of moving dirt and excavating rock.



What's on the I.C.T. stands for you?

AN OPPORTUNITY TO STUDY I.C.T. data processing equipment at work and to discuss its benefits with experts. Demonstrations showing electronic computers and 21-, 40-, 80- and 160-column punched card machines doing a variety of jobs including:

PAYROLL · JOB COSTING
STOCK CONTROL · CREDIT CONTROL
SALES ACCOUNTING

STORES PROVISIONING
INVOICING AND STATEMENTS
MULTIPLE STORES INVENTORY
CONTROL AND MANAGEMENT
STATISTICS

INVOICING —WITH AUTOMATIC
COMPARISON WITH STOCKS
AND SIMULTANEOUS PRODUCTION
OF SALES ANALYSES

AN OPPORTUNITY TO SEE the latest products of I.C.T. research. Faster, more efficient and more economic machines which bring new concepts to data processing.

MAKING THEIR FIRST PUBLIC APPEARANCE

The 558 computer which introduces a new dimension to 40-column equipment, making it the world's most powerful small punched card system.

The extremely powerful 1301 medium-sized computer which offers both large and small business organisations flexibility, ample capacity and high productivity at low cost.

ELECTRONIC COMPUTER EXHIBITION

October 3rd—12th
I.C.T. STAND NO. 21

BUSINESS EFFICIENCY EXHIBITION

October 3rd—11th
I.C.T. STAND NO. 25/36

INTERNATIONAL COMPUTERS AND
TABULATORS LTD. (EXHIBITIONS DEPT)
149 PARK LANE, LONDON, W1

Please send me tickets (insert number in box) for the following exhibitions (delete exhibition not required):

ELECTRONIC COMPUTER EXHIBITION ☐

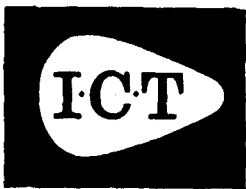
BUSINESS EFFICIENCY EXHIBITION ☐

NAME

ORGANISATION

ADDRESS

EM

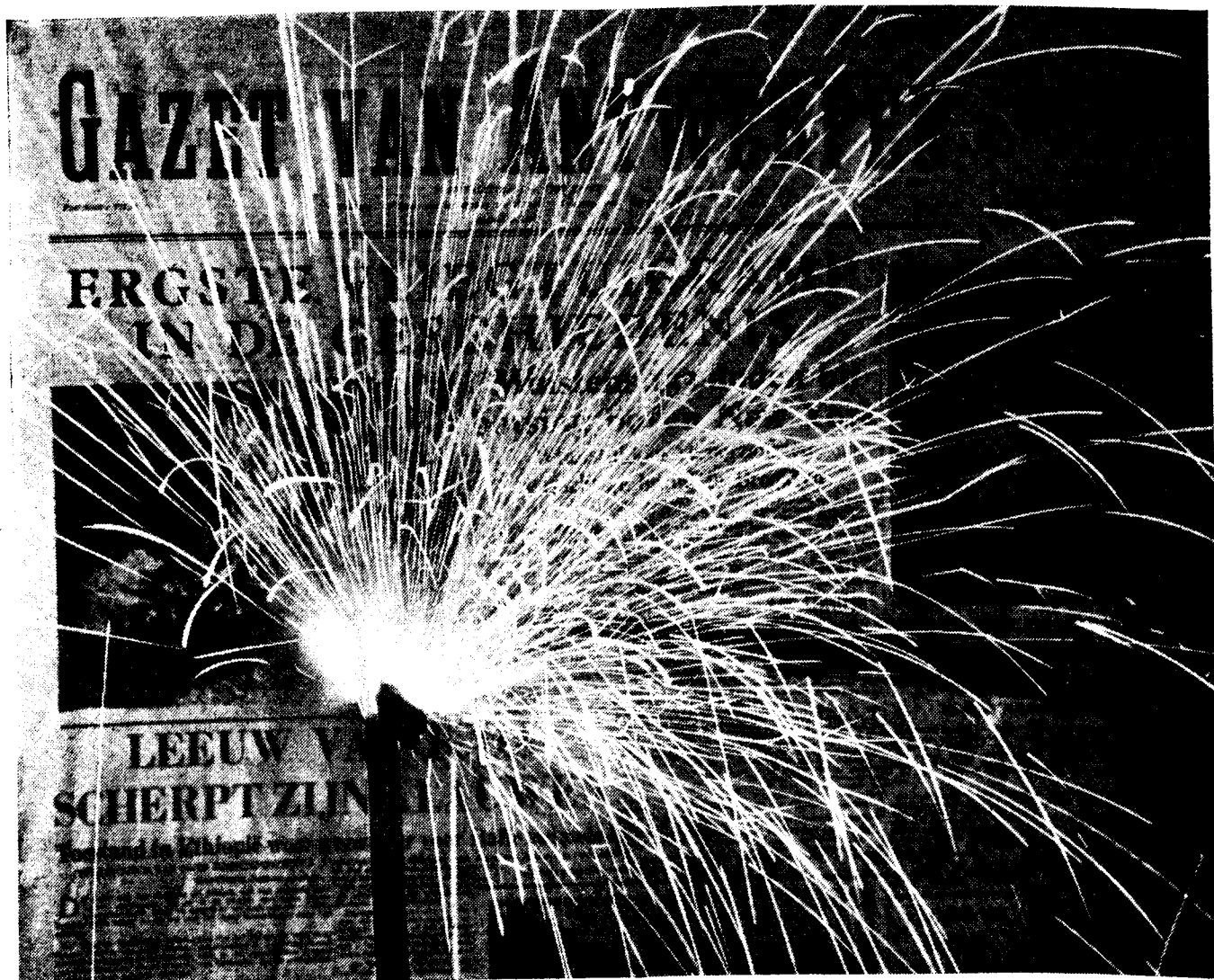


DATA PROCESSING



Handwritten signature or initials, possibly 'X... m...', in the bottom right corner of the page.

Flemish as spoken in Wolverhampton



PA1728

Lit by the spluttering, steely-blue flames of welding arcs, the intricate cooling system of a nuclear reactor takes shape in Northern Belgium. For the 11,000th time, in the darkened inspection booth of a factory in the English Midlands, an X-ray negative is presented for close scrutiny, a head bends over it, and a hand writes a curt 'O.K.'

Sixty tons of gleaming aluminium are the link between the Belgian Atom Town at Mol and the English factory at Wolverhampton operated by I.C.I.—Britain's leading chemical company and an expert fabricator of non-ferrous metals. For the nuclear reactor

BR2 at Mol, the cooling water needs to be contained in a labyrinth of aluminium pipes, made with perfect precision and faultlessly welded. I.C.I.—no mean contributor to Britain's nuclear projects—undertook the job, confirming the perfection of their work with 11,000 X-rays and sending a special team of welders to install the pipework at Mol. When it's a question of making special assemblies in conventional metals, or supplying special metals such as zirconium, hafnium and beryllium for nuclear engineering projects, I.C.I. speaks a language that is well understood everywhere.

*The influence of I.C.I. research and production
is felt today in every corner of the globe*

Imperial Chemical Industries Ltd., London, S.W.1



PLASTICS



FOAMED plastics are now one of the fastest-growing sections of the plastics industry, but the attention from major companies that this has brought them has by now made competition as tough as it is with other plastic materials. Monsanto and Shell have both gone into marketing foamed polystyrene themselves, and have pushed the price far down in their efforts to increase sales; Imperial Chemical Industries is just completing a large plant to produce the raw material for polyurethane foam, and du Pont has announced that it will build another by 1963. And in making the foamed polyurethane itself, Microcell, a subsidiary of BTR Industries, started production last month at a plant with a capacity equal to total 1960 sales of this material in Britain.

There are two basic types of plastic foam, soft and the hard; the former, almost entirely polyurethane, is used for upholstery, and the latter, which can be made from polystyrene, urea-formaldehyde, phenol-formaldehyde, polyvinyl chloride or polyurethane again, is employed as an insulating or structural material. The upholstery market seems to be much the bigger of the two; sales of soft polyurethane last year are estimated at about 16,000 tons—twice those of 1959—and are expected to reach 20,000 tons this year. Polystyrene sells best amongst the rigid foams, but its sales seem to be running at only about 4,000 tons a year—though also rising fast. Urea-formaldehyde is the only other rigid foam to sell in quantity. These two have gained their leading position amongst the rigid foams on price. Urea-formaldehyde is slightly the cheaper, selling for 4s. to 5s. a cubic foot; foamed polystyrene costs from 4s. 6d. to 12s. 6d. a cubic foot. Phenol-formaldehyde costs about 12s. a cubic foot with polyurethane selling at about 20s. a cubic foot and pvc still more expensive. Soft polyurethane is cheaper than the rigid variety, costing from 7s. to 9s. 6d. a cubic foot in thick blocks. This makes it a good deal cheaper than rubber latex foam.

POLYURETHANE foam seems to be making most of its progress at the expense of conventional springs and padding for upholstery. It is much cheaper to use a lump of such material than to build up a spring case and cover it with hair, especially if furniture is being made on any scale. A market research survey

made by Microcell suggests that 45 per cent of polyurethane went to the motor industry last year and a similar proportion to the furniture industry; but Dunlop, which makes polyurethane as well as foamed rubber under the Dunlopillo trade mark, believes that 80 per cent of the output went into furniture. So far production of rubber foam does not seem to have fallen—output figures are not published—but its growth has been checked by the rise of polyurethane. There is considerable over-capacity for polyurethane foam in Britain now that Microcell has opened its plant—indeed, it seems that there was even some before—but a foaming plant involves a relatively small investment. Hence over-capacity does not worry its makers as much as it does the producers of plastic raw materials.

Rigid foam materials have gained sales partly from the increasing demand for insulating materials, partly at the expense of older insulators, and partly from the development of "sandwich" structures—in which a light but rigid material, such as the foamed plastics or a paper or metal honeycomb, is sandwiched between two sheets of thin material. This produces frameless partitions, van bodies, boat hulls, or almost any structure that needs to be rigid. But insulation is the biggest market, and its potentialities, the plastics industry believes, have scarcely been tapped. Private houses could take far more foamed plastics if these were, for example, combined with plasterboard to produce a ceiling that insulated, instead of adding insulation separately in the loft. Urea-formaldehyde and polyurethane have one property that gives them some special uses for insulation and construction; they can be injected into a cavity in a liquid form, and will foam inside it. Thus they can be injected into the space around a refrigerator, a ship's hold or the cavity of a house wall. Fire resistance is another property that should help phenol-formaldehyde and pvc find uses as insulation despite their higher price; it makes them more suitable for use on ships, for example, or wherever fire risk counts. In structures where strength is important, pvc and polyurethane have the advantage over the other materials. But none can follow urea-formaldehyde and polystyrene into the market for really cheap products.

This industry should not be disappointed with the market for its rigid foams in the next few years, even if it may not make much profit out of them when it has to invest heavily in sales promotion and sell at depressed prices. Sales of the soft polyurethane foam, however, have risen so fast in the last few years that some levelling-off might be expected, especially if the furniture industry remains depressed; but price and comfort should allow this material to dominate the cushioning market.

most observers conjectured that to achieve any worthwhile results the discount would have to be at least ten cents. The immediate response to the announcement was a fall in the Canadian dollar from par (intelligent anticipation had led to a running off in the 1½ cent premium in preceding days) to a discount of about three cents. And there it has remained in the last ten weeks. The freely fluctuating Canadian dollar remains obstinately stable, even after the Canadian authorities had given public warning of their intention to drive the rate down.

The tactics of the Canadian authorities are admittedly ambivalent. In July, far from following the budget precept of selling Canadian dollars to depreciate the exchange rate, the exchange fund appears to have supported the Canadian dollar to keep it at 97 US cents, and Canada's exchange reserves dropped by \$25 million in the month. A three-point discount can hardly be regarded as "significant" in this context; but both the Treasury and the central bank have intimated that the present level of the exchange rate is, in present circumstances, regarded as satisfactory; and no very large volume of official intervention has been needed in either direction. Surprisingly, there appears to have been little effect on the inflow of foreign capital. Although the differential between Treasury bill rates in Canada and the United States has now virtually disappeared, with the yield at 2½-2½ per cent in both countries, long-term interest rates are still about one per cent higher in Canada, with long-term government bonds yielding around 5 per cent. But in accordance with its budget promise, the Canadian Treasury is keeping pressure off this end of the market by confining new issues to short maturity dates. This week the Bank of Canada marketed a further tranche of 3 per cent one-year bonds, at a yield of 3.29 per cent.

BIDS AND DEALS

Property Links

THE latest property-insurance link involves the Hammerson Property and Investment Trust and the Royal London Mutual Insurance which has agreed to provide this expanding property group with £15 million. Advances will be secured by a 50 years 6½ per cent debenture stock, with no provision for earlier redemption. In addition Royal London will subscribe almost £1 million for a 10 per cent stake in Hammerson's equity in the form of 610,000 "A" 1s. units, which carry one vote for every six units. These are to be issued at 32s. 6d. each, against the current price of 37s. 9d., reflecting a rise of 3s. 3d. since this deal was announced. Shareholders have no reason to be upset with these arrangements, which will be followed by the writing up of all the 1s. units to 5s. units. Discussions about this link were in an advanced stage when the Chancellor

made his request for restraint in the granting of development finance to property companies; and in keeping with his request funds provided by the Royal London Mutual in the next six months will be used only for commitments entered into before he spoke.

In a straightforward property deal, City of London Real Property has offered to acquire Corinthian Investments on the basis of two CLRP shares for every five 2s. shares in Corinthian. With CLRP at 72s. 9d. this values the Corinthian shares at just over 29s., against a pre-bid price of 24s. 3d. The deal which is worth in all £2,145,000 is subject to certain conditions relating to the tax complications which would arise as a result of the merger.

Transatlantic Tea Bid

JUST over a year ago, a bid by National Dairy Products of America for Typhoo Tea fell through because the Treasury would not permit a bid from across the Atlantic except wholly in Cash. The offer of Beech-Nut Life Savers to acquire all the assets of Joseph Tetley, the tea blenders, for £2½ million is wholly in cash. Tetley will then go into liquidation with the 5½ per cent redeemable preference and 6½ per cent preference shares being repaid at 21s. and 20s. respectively; this leaves 28s. for each 5s. ordinary share, quoted at 20s. before the offer was announced. This compares with a 1960 high of 32s. 9d. but it values the shares on a dividend yield of 2.1 per cent and an earnings yield of 3.7 per cent. A large part of Tetley's business in recent years has been in North America, where its tea-bags have been popular, and the chairman reported last January that the introduction of Instant Tea there met with great success although promotion and advertising costs were heavy. The offer, subject to Treasury consent, is recommended by the directors of Tetley who with their associates own more than half the ordinary shares.

MANAGEMENT

Comparisons are Modish

A CENTRE for Interfirm Comparison was set up two years ago by the British Institute of Management and the British Productivity Council to enable firms to compare various measures of their own efficiency with those of other companies in the same industry. By now the centre is working on inter-firm comparisons in twenty industries, including light engineering, pharmaceuticals, footwear and scientific instruments, and it feels that it has been able to convince industry of the security of its methods. A firm's secrets will not reach its rivals. They are merely given performance data in the form of percentages and

BUSINESS NOTES

ratios for "firm A," "firm B," and so on—a system that seems to be secure enough where there are many firms in an industry, but possibly not immune to second-guessing where there are few.

The centre conducts two types of comparison. One compares profitability, taking as the criterion of efficiency the return on the real capital employed in the business; the other shows how competitors compare in particular aspects of current operations, such as the time taken to make a standard product. The first set of comparisons is applied to the individual departments of each firm. Variations in profitability usually arise from differences in costs, for example the level of stocks, and can reveal where attention should be concentrated.

General conclusions drawn from the centre's investigations are still tentative. But there does seem to be an optimum size for the firm in every industry: beyond that size larger the firm, the greater is its efficiency, rather than greater. The evidence so far certainly does not support the belief that the larger the firm, the greater is its efficiency. The next stage of the centre's work will be to begin comparing British firms with their equivalents on the continent, where comparative studies of business efficiency are already well established. But in Germany, for example, different criteria are employed, and some agreement on methods will first have to be reached as well as on such problems as how to treat differing social security payments. Nevertheless, the centre has already begun a study of one section of the electrical industry in Britain and on the continent. It hopes that the prospect of joining the common market will encourage other British industries to commission similar studies.

OIL

Slower Growth

OIL consumption in Britain increased only half as fast in the first six months of this year as in the first half of 1960. Deliveries of all oil products reached 23,172,000 tons, over nine per cent more than in the same period of 1960: deliveries then had been 18.7 per cent higher than in 1959. Fuel oil deliveries rose by only 9½ per cent in contrast to an increase of 30 per cent; the switch to oil for electricity generation and in industry became somewhat slower. Feedstock for the chemical industry also failed to maintain the same rate of growth, with deliveries rising by about 12 per cent instead of over 60 per cent. Such a rate of increase could hardly be maintained for long, but the change does reflect the check to the growth of petrochemical and plastics production. Petrol consumption by now seems settled on an increase of around eight per cent a year, with sales of standard grade petrol falling while those of premium grades rise. As the compression ratios of car engines rise, this

THE ECONOMIST SEPTEMBER 9, 1961

trend in the pattern of petrol sales can be expected to continue, although many motorists must be buying petrol of a higher octane rating than their cars need.

The oil industry expects this slowing down in its rate of growth to continue. Mr Christopher Brunner of Shell-Mex and BP told the British Association last week that sales might rise to 58 million tons in 1970 from about 43 million tons this year, though they had trebled in the twelve years from 1948 to 1960. Petrol is no longer the largest selling oil product. Indeed last year petrol accounted for less than 20 per cent of total oil sales, whereas fuel oil made up more than 44 per cent. This switch does much to explain the narrowing profit margins of the industry, and the efforts to find new markets in, for example, petrochemicals. But so far these new markets are hardly proving to be any more profitable.

SHORTER NOTES

New Zealand has now become a member of the International Monetary Fund and the World Bank. Its quota in the Fund is \$125 million and its subscription to the capital stock of the Bank is \$166.7 million.

Profits of Whitbread for the first half of 1961 show a sharp increase from £482,000 to £716,000 after tax of £591,000 against £422,000. The interim dividend of 9 per cent against 8 per cent represents the company's usual practice of paying as an interim one-third of the previous year's total dividend and the directors emphasise that this does not indicate that the total payment for the year will be increased.

Mr Prince Littler is to resign from the chair of Associated Television after the annual meeting at the end of this month. Sir Robert Renwick will succeed him.

NSU is introducing a new version of its Prinz small car. The engine remains the same, but a new and roomier body is fitted that looks like a miniature Chevrolet Corvair—only the first of several new European rear-engined cars that will share this not unattractive appearance.

COMPANY AFFAIRS

Comments on pages 1013 and 1014 on:
Bowater Paper Carreras
Davy-Ashmore Wellman Smith Owen
Unigate Triplex
Murex Great Universal Stores

LONDON AND NEW YORK

Stock prices, yields and security indices on pages 1016 and 1017

LONDON STOCK EXCHANGE

The week's movements reported on page 1014

MONEY AND EXCHANGES

Money market report, exchange rates and public finance on page 1015

THE ECONOMIST SEPTEMBER 9, 1961



REACH FOR IT PARDNER

Y'ur way off the trail, mister. New York's thataway: Air-India territory! Aw—Injins ain't what they used to be— an' I ain't bald for nuthin'. Yer scalp's safe, son. This breed fly them Boeing 707's. Real trail blazers, them wagons. Friendly Injins, too. Make ye Big White Chief. Feed ye up like a turkey for Thanksgiving'. Yup, quite an outfit—the Flying A-I. Now, git mounted, mister, afore I scalp you misself!

NEW YORK—5 flights every week

Ask your travel agent

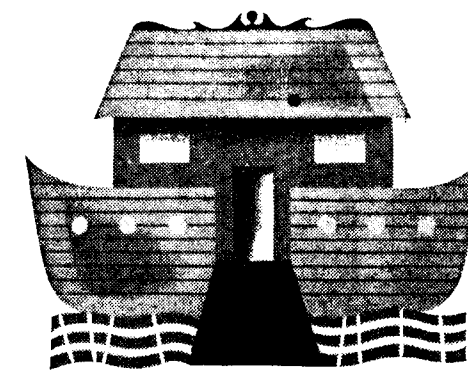


AIR-INDIA

In association with BOAC & QANTAS

London Manchester Glasgow Leeds Birmingham

When two by two



isn't fast enough

One by one, two by two—the *queue* is the curse of the age. If it were only a question of a few people blocking the pavement outside the local cinema on Saturday evening, then nobody would worry. But to commerce and industry queues present problems which are very serious indeed.

What is a *queue*? It is a line of people at a ticket office, a cash desk, a works stores counter; a block of vehicles at a traffic intersection or awaiting service at a garage; a covey of aircraft circling unprofitably round a congested airport; a train of trucks idle in a siding; a stack of components waiting to take their place in a production line; a mass of liquid held back by an outlet pipe with too narrow a bore...

What can be done about it? Every individual queuing problem has its own peculiarities, which makes it impossible to lay down hard and fast rules. But mathematicians have evolved a fairly extensive Queuing Theory which provides a framework for the solution of simpler cases: more complicated queuing and bottleneck problems can be solved economically only by using high-speed electronic computers—by digital methods or by various forms of analog. To all such techniques C-E-I-R can bring to bear great skill and experience.

The solution of queuing and bottleneck problems is only one of the many scientific management services offered by C-E-I-R, the largest computer services organization in the world. At the London C-E-I-R Centre, with its advanced on-the-spot computer facilities, C-E-I-R are handling on behalf of clients a wide variety of operations ranging from routine Data Processing on a regular contract basis to the solution of the most complex industrial and commercial problems. If you have any problem, large or small, which can be solved by logical or mathematical means—then send for C-E-I-R.

C-E-I-R (U.K.) LTD.

**OPERATIONAL RESEARCH ·
SYSTEMS ANALYSIS · LINEAR
PROGRAMMING · DATA PROCESSING ·
MARKET SURVEY ANALYSIS ·
BUSINESS STRATEGIES · CONSTRUCTION
PLANNING · STATISTICS · MATHEMATICS ·
COMPUTER TIME**

Main Office: 84 Kingsway, London, W.C.2 Tel: CHAncery 1551

COMPANY MEETINGS



For the IRI group the year under review ended with results satisfactory under more than one aspect, while the way was opened to important new developments.

The fact that the overall sales figure increased by more than 25 per cent in a year has underlined the Group's expansionist tendency, which can roughly be measured by the long-term rate of growth of sales over a long period; in fact, over the ten-year period 1951-60 sales rose at an average rate of 14 per cent a year, or two-and-a-half times the rate of increase of national income in the same period.

Among the most noteworthy developments of the year, mention must be made of the laying of the corner stone of the new steel mill at Taranto, which both for its size and technical level will be able to compete successfully on the Italian as well as international markets.

A second satisfactory development during the year was the conclusion of a series of negotiations with outstanding foreign firms in the engineering sector, with a view to initiating new promising ventures in Southern Italy.

Also worth mentioning are the Group's activities in the motor roads sector, in line with the Government's directives in this field. If the new national motor road construction plan, which is now being examined by Parliament, is approved, 3,125 miles of highways are to be built, and about two fifths of the programme is to be carried out by companies of the IRI group.

Finally, among the projects of major importance during the year, the creation of the *Management Development Centre* must be remembered: this is actually a long-term invest-

ment programme, bearing in mind the large number of executives required by the IRI companies and the length of time necessary for the training of personnel.

INVESTMENT

The IRI Group's investment in new plant last year amounted to Lit. 298,600m. (+20.5 per cent as compared with 1959). In terms of total new investment by firms under the control of the government and of local authorities, the Group's share in 1960 was 65 per cent.

The Group's **manufacturing firms** invested Lit. 80,700m. in 1960, or 20 per cent more than in 1959. The **steel** sector, which took up three fifths of this amount, registered a significant expansion in plant, the start of the new steel mill at Taranto and of other ancillary plants. In the **engineering** sector, investment was nearly twice as high as the year before; of particular interest are the initial work for the construction of a new large factory at Arese by *Alfa Romeo*, the modernisation and extension of plant in Southern Italy and, still in the South, the start of new plants in the electronic products and precision engineering fields. The **shipyards**, too, increased their investment in 1960, mostly for radical modernisation work, which is now under way.

In the Group's services sector total investment rose by 21 per cent or Lit. 217,900m., as against 1959. More than one third of this went into the telephone sector, for new installations. In the **electric power** sector, a contraction of 19 per cent was registered mainly because some construction work planned for 1960 had to be postponed for technical reasons. Instead, **shipping** and **air-lines** greatly increased their investment, as was to be expected in view of the large-scale programmes for renewing the fleet of the major shipping and air-lines. In the event, the shipping companies' investment rose by 164 per cent and the air-line's by 527 per cent. Investment fell somewhat in the motorways sector owing to delays in the official approval of the route for the Florence-Rome stretch of the *Autostrada del Sole*.

OUTPUT

All IRI sectors registered considerable increases in output during the year under review. In the **steel** sector (FINSIDER group) pig iron and steel production rose by 29 per cent and 24 per cent respectively. The mechanical and engineering companies, too, made very satisfactory progress, especially *Alfa Romeo* and the companies making railway rolling stock. Good results were also achieved by the electro-mechanical companies and by industrial machinery. Thanks to the programme of FINSIDER and FINMARE, the shipyard sector, too, expanded its activities, although overall prospects are still unfavourable. Expansion was also registered in the cement industry (+38 per cent) with the entry in operation of plants completed in 1959.

Electric companies increased their output by 13 per cent. **Telephone** companies saw a growth in the number of subscribers (+10 per cent), of total long-distance calls (+9 per cent) and of automatic long-distance dialling (+17 per cent). The FINMARE fleet saw an increase of 14 per cent in passengers and 7 per cent in cargoes. *Alitalia* registered further

THE ECONOMIST SEPTEMBER 9, 1961

increases of 29 per cent in passenger/km. and ton/km. The **radio and television** sector experienced increases of 6 per cent in the number of radio subscribers and 35 per cent in that of TV subscribers.

SALES

Total sales of the IRI companies in 1960 reached the unprecedented level of Lit. 1,306,000m. which exceeds by Lit. 267,000m. the past year's figure. Manufacturing industries contributed Lit. 850,000m. and service industries Lit. 455,600m. Unlike 1959, the past year was one in which sales made better progress in the manufacturing industries than in the services (+21 per cent).

The Group's steel companies achieved total sales in excess of Lit. 400,000m. (Lit. 83,800m. over 1959), followed by the engineering industries with Lit. 217,300m. (Lit. 41,200m. over 1959). The spectacular recovery of shipbuilding sales, which rose by 49 per cent, is entirely due to extraordinary measures to speed up FINMARE's and FINSIDER's shipbuilding programmes. The sector's overall prospects, however, are still unfavourable both in Italy and throughout the world. Among the "miscellaneous" manufacturing firms, the principal expansion was registered in the cement industry (+40 per cent).

Among services, the largest contribution was made by the electric sector with Lit. 148,400m., whereas the largest rise in revenues (+32 per cent) was registered by the telephone companies whose billings reached Lit. 136,000m. Development was also marked in air-line and shipping revenues, which rose by 27 and 22 per cent respectively.

The outstanding feature in the radio and television sector, where revenue rose by 12 per cent, was the further conspicuous increase in the number of television subscribers.

EXPORTS

In 1960 exports by the Group's main industrial sectors (steel, shipbuilding and engineering) went up from Lit. 118,900m. to Lit. 121,700m.; the Lit. 2,800m. increment is the result of an increase of Lit. 17,300m. in engineering and steel and of a decline of Lit. 14,500m. in shipbuilding and ship repair (of which Lit. 1,000m. in NATO procurements).

The increase of 11 per cent registered in foreign sales of the steel industry, which alone accounts for 51 per cent of the total exports of the Group, is attributable to *Ilva's* and *Cornigliano's* growing exports of hot-rolled products which, in terms of volume, were 47 per cent larger than in 1959. Altogether 15 per cent of the industry's sales in 1960 went to foreign buyers.

In the year under review engineering exports rose from Lit. 31,100m. to Lit. 42,100m. (+35 per cent) and accounted for 19 per cent (18 per cent in 1959) of the industry's total sales. Electro-engineering products, railway rolling stock and industrial machinery were the principal products involved.

Foreign sales of the shipyards again lost ground in 1960, even more than in the previous year. Exports (Lit. 15,400m.) were hardly more than half the 1959 figure, which was already 18 per cent below that of 1958.

THE ECONOMIST SEPTEMBER 9, 1961

EMPLOYMENT

The rise in employment registered in 1960 (+1.8 per cent) was spread over the service, banking and industrial sectors. The highest increase (+4.1 per cent) concerns services, where activity is expanding continuously. Employment rose sharply in the companies concerned: air transport (+24 per cent), telephone (+8.1 per cent) and radio-television (+7 per cent). The slight overall rise in the manufacturing industries reflects a sizeable increase in the steel and engineering companies which made up for and in fact exceeded the reduction in the shipyards, which still carry surplus labour. Employment in the banking sector increased remarkably as a result of a larger volume of activity and the opening of new branch offices.

SOURCES OF FINANCE

The Group's overall financial requirements amounted to Lit. 402,000m. in 1960, as against Lit. 326,000m. in 1959, and were met from the following sources: Lit. 159,500m. through self-financing, which rose from 34.7 per cent of total requirements in 1959 to 39.7 per cent in 1960; Lit. 72,500m. through IRI financing, with

COMPANY MEETING REPORTS

a drop from 31.8 per cent in 1959 to 18 per cent in 1960; and Lit. 170,100m. supplied directly by the market, representing 42.3 per cent against 33.3 per cent in 1959.

Subscription of shares by minority shareholders amounted to Lit. 42,700m., or 18.1 per cent of the Group's liquid requirements; this is a significant indication of the faith which private capital has in the Group's future. It is of interest to note that the funds obtained from private sources in 1960 exceeded again the amount contributed to IRI by the State (i.e. Lit. 35,000m.).

LONG-RANGE PROGRAMMES

Long-range programmes approved as at the year-end indicate the following targets for each sector: (1) Steel—an annual capacity of about 8.7m. tons by 1965, or 94.4 per cent more than in 1960; pig iron capacity is to be expanded to reach 6.5m. tons in 1965, or 186.4 per cent more than in 1960. (2) Mechanical engineering—a structural reorganisation is to be achieved by regrouping activities into four main divisions: motor-cars, electrical engineering, railway

rolling stock and machine tools. (3) Shipyard—a radical reorganisation is planned with due regard to the long-term prospects of this sector. (4) Electric power—overall generating capacity of the Group will be expanded by about 3,800m. kWh and the Senn nuclear power station will be completed by 1963. (5) Telephones—the number of telephones installed is planned to rise by 34 per cent (to reach 5.1m.). (6) Shipping—fourteen new ships have been ordered, aggregating about 186,000 G.R.T. (7) Air-line (*Alitalia*)—24 jet aircraft will be in commission by the end of 1962, as against the present figure of only eight. (8) Toll Motorways—the new "autostrada" linking Milan to Naples will be opened to traffic by 1963, and work on improving and widening the "autostrada" linking Florence with the coast will be completed. (9) Radio and Television—a second television network will enter into operation in the course of 1962.

Investment for the industrialisation of Southern Italy approved as of to-day, for the period 1961-1964, amounts to Lit. 536,000m. or 40 per cent of total investment.

For 1961, total overall investment by the Group is expected to reach some Lit. 413,000m.

BALANCE SHEET AS AT DECEMBER 31, 1960

LIABILITIES

Bonds outstanding	L. 467,771,775,000
Bonds drawn for redemption	" 13,760,852,000
Medium- and long-term debts	" 481,532,627,000
Due to banks, financial institutions, and subsidiary companies	" 46,702,022,166
Sundry debts and accounts payable	" 18,912,105,085
	" 57,172,213,767
Endowment fund (Art. 1, Law No. 785 of July 21st, 1960)	L. 358,000,000,000
Amounts to be paid in by the State for fiscal years 1961/62-1963/64	" 155,000,000,000
	L. 203,000,000,000
Special reserve fund (Profits from sales of assets (to be transferred to the special reserve fund))	L. 12,509,796,203
	" 1,867,241,299
	" 14,377,037,502
Unamortised losses on participations	L. 55,817,164,267
	" 161,559,873,235
Net operating profit for 1960	L. 765,878,841,253
	" 98,031,931
	L. 765,976,873,184
PER CONTRA ACCOUNTS	
Guarantees outstanding	" 32,749,638,648
Securities on deposit, own and others	L. 399,691,560,764
Consolidated debts toward Bank of Italy	" 4,708,097,530
	" 404,399,658,294
	L. 1,203,126,170,126

ASSETS

Shares:	
Freely owned and not claimable by holders of convertible bonds	L. 441,896,847,162
Claimable by holders of convertible bonds	" 19,941,175,000
Loans	" 461,838,022,162
	" 222,982,242,330
Total shares and loans	L. 684,820,264,492
Companies in liquidation and other assets	" 18,143,684,411
	L. 702,963,948,903
Advances to companies under trustee management	" 1,375,530,785
Cash on hand and with banks	" 29,155,153,687
Sundry credits and accounts receivable	" 5,193,571,360
	L. 738,688,204,735
Accumulated net operating deficit at 31.12.1959	" 1,370,585
Discount on bonds issue	" 27,287,297,864
	L. 765,976,873,184
PER CONTRA ACCOUNTS	
Debtors for guarantees outstanding	" 32,749,638,648
Depositors of securities	L. 399,691,560,764
Bonds and annuities assigned to the Bank of Italy	" 4,708,097,530
	" 404,399,658,294
	L. 1,203,126,170,126

PROFIT AND LOSS ACCOUNT FOR THE YEAR 1960

OPERATING EXPENSES

Interest on bonds and amortisation of "discount" on bonds	L. 30,360,086,369
Interest and charges on other debts	" 4,018,583,917
General expenses	" 1,457,309,452
Extraordinary expenses and contributions	" 422,163,640
Provision for personnel retirement fund	" 125,000,000
Provision for personnel welfare fund	" 125,000,000
Taxes	" 620,876,930
	L. 37,129,020,308
Net profit for year 1960	" 98,031,931
	L. 37,227,052,239

INCOME

Dividends	L. 20,199,562,850
Interest on loans to subsidiaries	" 14,837,349,962
Miscellaneous interest	" 1,159,738,004
Other income	" 1,030,401,423
	L. 37,227,052,239

ASSOCIATED TELEVISION LIMITED

MR PRINCE LITTLER REVIEWS YEAR OF ACHIEVEMENT AND EXPANSION

The Sixth Annual General Meeting of Associated Television Limited will be held on September 28th at ATV House, Great Cumberland Place, London, W.

The following are extracts from the statement by Mr Prince Littler, CBE, the chairman, which has been circulated with the report and accounts:—

I think this is a suitable year in which to use our Annual Report to review what has happened in this company since its foundation, and also to bring our shareholders, as it were, into our board room atmosphere so that they will understand the thinking which has been behind the policies adopted by your directors and appreciate the very able way your executives have put these policies into operation.

When this company started, very few people had any clear idea of how the operation would expand or what the difficulties would be. I have told you at our previous annual meetings that the most prominent feature in those first three years was the rate at which it was possible to lose money. We also learned something else—how difficult it was to get financial support to replace the money we had lost, and therefore, at this stage, it is some gratification to all of us that the shareholders, who had the courage to invest in difficult times, and who have gone on investing in this company, sometimes at what might appear to be very high prices, still placed their confidence in our ability to make commercial television broadcasting a success.

Our company has always believed in competition and the decision of the I.T.A. to limit our London broadcasting to week-ends is far from our idea of true competition, but, at the time that broadcasting licences were given, we had no alternative but to accept. We believe we should have a competitive seven-day-a-week operation in London where there would be true competition between two commercial stations.

THE PILKINGTON COMMITTEE

This brings me to the subject of the Pilkington Committee. This committee was set up by the Government to review the whole broadcasting position and to lay down recommendations for the future. When the announcement of the formation of the Pilkington Committee was made, we immediately set up a study group to give expression to our own point of view and to give any help we could to the Committee, particularly with regard to the changes which had taken place from the technical and political points of view. Our study group reported that there would not be enough space in the existing television broadcasting bands to enable two competing commercial broadcasting stations to operate in all areas. This fact emerged without any regard to the claims the B.B.C. might make.

Our endeavours to deal with the dilemma of creating competition in the London area became the starting point of the proposals which we made to the Pilkington Committee on May 2nd.

We confirmed to the Pilkington Committee that we accepted the recommendations of the Television Advisory Committee for the adoption of 625 lines as the British standard. In order to give effect to this we offered, on the days we were not broadcasting in London, to put out a new programme on 625 lines in the UHF band which would carry in addition one hour a day of 625 line colour broadcasting—all at our own

expense. Surely this would be a great contribution, and something that would give encouragement to the scientists, the technicians, the script writers, the producers and all the many people who will benefit from an expansion of television broadcasting.

SIX YEARS OF INDEPENDENT TELEVISION

A great battle had raged in the House of Commons about how commercial television would handle a potential audience. Everyone knew that Britain had established one of the finest broadcasting machines in the world—the B.B.C.—with enormous wealth, subsidised by licences, not answerable to the House of Commons, and with all the privileges which accrue to a state service. It was for the audience that had hitherto been served by the B.B.C. that commercial television had to compete, and this was the challenge which we took up. And now after six years of television broadcasting I say with confidence that we have discharged our responsibilities and we have given a service which can stand the most detailed examination.

And what else have we as a broadcasting company done? We have endeavoured, and to a great degree succeeded, in giving our public good entertainment. We all know that there is a small sector of intelligent people who think our programmes are bad because they give the public what they want to see and not what the intelligentsia think they ought to see. Television broadcasting is meant to be entertainment, and while we recognise that the standard of taste of a great number of viewers in this country could be higher, we feel it is essential not to get too far ahead of our public, but rather to lift, gradually, the quality of our programmes on a progressive basis.

TELEVISION IN THE MIDLANDS

It is right to refer with emphasis to the importance of that half of our business which stands independently on its own feet as the Midland Television Broadcasting Station for five days a week. Your Board from the outset has always considered the Midlands a self-contained organisation and not an off-shoot of a big operation based in London.

The Midlands is a country all on its own, and with the new power from the Lichfield transmitter, 2,366,000 homes are covered nightly. Great towns like Leicester, Gloucester, Hereford, Shrewsbury, Stoke, Birmingham, Coventry, Walsall, Wolverhampton, Burton, Nottingham, Northampton, Worcester, West Bromwich, Dudley, and many others are spread around in this independent-minded area.

The profits from this area have been most satisfactory. The standard of programmes has been high. The public has been enthusiastic about the entertainment.

PROFIT AND LOSS ACCOUNT

The profit of the Group before taxation is £6,411,899 as compared with £5,388,330 for the previous year, an increase in excess of £1 million. This profit is after charging all expenses including depreciation. From the profit mentioned above taxation absorbs £3,239,810. In view of the results achieved during this period your directors recommend a final dividend of 40 per cent making 60 per cent for the year as compared with 50 per cent for the previous year.

ELSTREE STUDIOS AND OUR TECHNICAL STORY

Many of the great television programmes of the future, not only on British screens but on screens all over the world, will show what will become a famous caption, "An Elstree Programme."

We always planned from the beginning of our contract with the Independent Television Authority, to have an imaginative yet highly functional group of buildings which would give the greatest possible scope to free enterprise television to create programmes of the highest quality.

Now, here at Elstree, on 31 acres, one can see this conception taking shape and, down to the last detail, the organisation has been undertaken by our own executives. A team of experts has worked and striven for the last 18 months to take Elstree through its first stages, and engineers and production people have all contributed to achieve an outstanding result. Only people with great faith in the future of commercial television would have undertaken this vast operation. Now we are ready to give the best programmes to an expanding British television service; to give scope for their abilities to script-writers; to give producers and directors the last word in service, and to actors the best possible facilities.

As far as equipment is concerned, ATV, here working closely with the Pye Group, has not only incorporated equipment which is unique and in advance of that used in any other studio but has adopted modular or "building brick" construction so that when improved components become available the "building bricks" can be replaced by pulling out a unit and plugging in a new and better one. Great emphasis has been placed on the use of transistors wherever possible and all synchronising signal generation, picture selection, and switching is done by transistors. Transistors are commonly used in everyday devices such as portable radios, but their application to television transmission equipment and to apparatus that can accommodate 405, 525, and 625 line signals is quite new.

INCORPORATED TELEVISION COMPANY

Your wholly-owned subsidiary, ITC—Incorporated Television Company, Ltd., is the biggest exporter of British television programmes. ITC is responsible for the production of films which are distributed in the Eastern Hemisphere, including the Iron Curtain countries, and supplies these films to our American subsidiary in the Western Hemisphere. ITC has produced over 1,600 half-hour programmes which have been sold throughout the world.

AUSTRALIA

Every year we have further confirmation of how right was our judgment when we bought our interest in Australia a few years ago.

We have always realised the potential market of the television industry in Australia, and we had this in mind right from the first. Not only are we identified with one of the great radio networks in the Commonwealth, but we are partners in its expansion and in the extension of its reputation in Eastern and Southern Australia.

In addition to that, in so far as the Australian law permits us, we have entered the commercial television field in a substantial way through our organisations there.

OUR NORTH AMERICAN VENTURE

One of the first plans our management had when we started to create programmes for our British audiences was to provide entertainment of a standard which would have a ready market overseas and particularly in the North American continent.

As we reported last year, we bought the other half of the Independent Television Corporation. Having acquired control, we took steps to strengthen the management and reduce the overheads. We are now able to report that these steps have been successful and the operational period to April 30, 1961, has been a profitable one. We would congratulate our American management on their success.

THE LINK WITH MOSCOW

This year your company was responsible for providing "live" programme exchanges with the Soviet Union, and was the first to send back coverage of events in Moscow produced jointly between ATV's production personnel and Soviet Union crews and technicians.

Talks have taken place in Moscow with the U.S.S.R. television organisation and many more programme exchanges are planned for the future.

BRITISH RELAY WIRELESS TELEVISION

Three years ago we took up half a million pounds' worth of convertible loan stock in this company and, as this stock is on the point of being converted into ordinary shares, it is right that reference should now be made to this investment. Since we took up the loan stock, we have taken advantage of our rights to take up shares as if we had been ordinary shareholders in the company. The situation is that, when our stock is converted, we will hold 2,216,025 ordinary shares in the company.

PLANNED MUSIC LTD.

It is now over three years since we started this important subsidiary operation with the purpose of exploiting in the British Isles and certain other countries in the world the American form of background music called Muzak.

During this year, the extension of the services of the Muzak organisation on a regional basis has continued and national coverage has now been attained in England.

GOLDEN GUINEA—AND OTHER DISCS

In 1960-61 Pye Records Limited, of which we own 50 per cent, had a year of continued expansion.

Last year was the first full year of direct to dealer trading, now developed so far that every important record retailer in the country is regularly visited, helped and advised by our records van-man.

Golden Guinea family-priced long playing records too are nationally known as the only range of records that give entertainment to all the family. One outstanding issue during the year on this label was the special presentation set of Handel's *Messiah* on three records issued for Christmas.

IN CONCLUSION

I look forward to another year of progress in programme achievement, technical achievement and export achievement.

IONIAN AND POPULAR BANK OF GREECE S.A.

STATEMENT AS AT 31st DECEMBER, 1960

ASSETS		
Cash and Bankers	...	Drs. 513,361,256
Investments	...	" 56,481,334
Loans and Discounts	...	" 1,550,827,564
Sundry Accounts	...	" 152,430,438
Bank Premises and Other Real Estate	...	" 100,154,228
Contra Accounts	...	" 1,152,302,364
		<u>Drs. 3,525,557,184</u>
LIABILITIES		
Capital	...	Drs. 120,020,000
Reserves	...	" 5,185,000
		<u>Drs. 125,205,000</u>
Sight and Time Deposits	...	" 702,635,480
Savings Deposits	...	" 868,631,240
Sundry Creditors, etc.	...	" 615,915,294
		<u>" 2,187,182,014</u>
Other Liabilities	...	" 60,478,144
Profit Balance	...	" 389,662
Contra Accounts	...	" 1,152,302,364
		<u>Drs. 3,525,557,184</u>

GODFREY DAVIS LIMITED

TRIBUTE TO LATE CHAIRMAN

At the Annual General Meeting of Godfrey Davis Limited held in London on August 30, 1961, Mr C. A. Redfern, the Chairman, in the course of his comments said:

I would like to say a few words concerning the very real loss our Company has sustained by the death, last week, of its Founder and Chairman, Mr Godfrey Davis, after an illness lasting for over a year and borne with quite astonishing fortitude. He was always a source of great inspiration to those of us who had the privilege of working with and for him and where this Company stands to-day is, to a very great extent, due to his initiative and foresight. We in the Company have lost a devoted colleague and friend. Many of the executives and employees have worked with Mr Davis for a considerable number of years and I suggest we can provide no better memorial to his memory than to continue, with renewed vigour, the work which he commenced and carried on so successfully.

PROFITS MAINTAINED DESPITE DIFFICULTIES

The following is an extract from the statement by Mr Godfrey Davis circulated with the Accounts:

In spite of the difficulties of the past year the profit of the Group, after providing for all charges, including depreciation, but before charging taxation, amounted to £339,170 compared with £337,699 for the previous year. However, this year's figure includes £8,306 transferred from the Hire Purchase Deferred Profits Suspense Account. This reduction in the Suspense Account compares with an addition to that account of £50,777 in the previous year. An interim dividend of five per cent was paid on the ordinary capital and the Board recommend the payment of a final dividend of 10 per cent, making a total for the year of 15 per cent.

Sales of new passenger vehicles through our Ford Distributorship at Neasden were rather lower than in the previous year, which included exceptional sales of the new Anglia introduced in the Autumn of 1959. This was due mainly to the re-imposition of Hire Purchase restrictions in April, 1960. Sales of new commercial vehicles however were well maintained.

In servicing and repairs Neasden had another record year. This was due partly to the additional facilities provided for this service, and partly to the working of the night shift, the introduction of which I referred to in my review last year.

SELF DRIVE HIRE

Although the total revenue for Self Drive Hire was little changed from last year, rising costs reduced profit margins. Compared with other countries in Europe and particularly in America, hire charges here are very low. With ever rising costs I hope that it will be realised that price cutting is no answer to the problem and that eventually charges will have to be raised to a more economic level.

Last year I referred to the re-imposition of credit restrictions, which had such an adverse effect upon the motor car industry. The subsequent easing of these restrictions by the Government to a more sensible basis certainly helped us in the latter part of our financial year; it is to be hoped that the stop and start approach to this problem used in the past will not be re-introduced.

Bad debts amongst our hire purchase customers have been small, and although many contracts have some time to run, I do not think we need fear any serious losses from this source. Last year was a particularly difficult one and the results now before you could not have been achieved without the whole-hearted support of a splendid team of executives and staff. To them all I give my warm thanks for their outstanding efforts throughout the year.

The report and accounts were adopted.

'INTERUNIE'

N.V. INTERNATIONALE BELEGGINGS UNIE

Summary of the Interim Report for the period January 1st to July 31st, 1961,
by the Managing Directors.

As may be seen from the figures, your company has, since the beginning of the year, again enjoyed a period of healthy growth.

The issued capital increased from fls. 55,500,000 to fls. 64,643,200, net assets (investments taken at market) from fls. 229,512,917 to fls. 263,010,305, whilst the value per share, including duties, etc. and adjusted for the 5% stock dividend distributed last March, rose from fls. 206.65 to fls. 213.50.

The offer made to holders of "Nationaal Beleggingsdepot" and "Amerikabelegging" units to exchange their units for "Interunie" shares and which has been accepted by nearly all those concerned has contributed to this growth.

INVESTMENT POLICY

Price trends on the main European stock markets during the period under review resulted in a certain interrelated adjustment. We have therefore concentrated new investments on stock exchanges outside Holland, thereby further adding to the geographical spread of our portfolio.

This has led us to make our first purchases in France where the favourable economic trends of past years have continued; as the political situation is not yet clearly defined we have been cautious in selecting our commitments.

The total percentage invested in European countries excluding Holland amounts now to appr. 10% as against appr. 5% at the beginning of the year.

The percentage invested in Dutch securities, which early in 1961 had grown quite substantially to 54.8% because of the steep rise in prices, has been reduced after the revaluation of the guilder and now stands at 47.7%.

We did increase our American holdings from 27.7% to 30.2%: our Canadian holdings are practically unaltered at 4.1%.

Our cash holdings at July 31st are larger than usual with your company at this time of the year.

As far as can be ascertained at this early date it seems that the profit trend will again permit payment of a satisfactory dividend in due time.

The distribution of the company's investments over various countries, as expressed in percentages of total net assets (securities taken at market value), was as follows:—

	31.7.1961	31.12.1960
	%	%
Netherlands:—		
International stocks	23.0	28.4
Local stocks	24.7	22.9
U.S.A.	47.7	51.3
Canada	30.2	27.7
Germany	4.1	4.3
United Kingdom	3.6	2.5
France	3.2	2.9
Belgium	2.5	—
Various other countries	0.4	—
Net cash	0.1	0.1
	8.2	11.2
	100.0%	100.0%

Copies of the interim report in English are obtainable from

PHILIP HILL, HIGGINSON, ERLANGERS LIMITED
34, Moorgate, London, E.C.2

AVANA ASSOCIATED BAKERIES LTD.

AND SUBSIDIARY COMPANIES

GROUP NET PROFITS BEFORE TAXATION
(Excluding Profits/Losses on Disposal of Fixed Assets)

52 WEEKS to 30.3.57	£57,254
52 WEEKS to 29.3.58	£110,915
52 WEEKS to 28.3.59	£151,750
53 WEEKS to 2.4.60	£170,398
52 WEEKS to 1.4.61	£224,138

Subsidiary Companies:

Chapman & Dunn, Limited.
D. Jones, Dickinson & Co., Ltd.
Ledbury Preserves (1928) Ltd.
Arthur Davies & Co., Limited.
Western Agencies Limited.

DIRECTORS:

I. R. REES (Chairman and
Managing Director)
D. A. BURFORD (Assistant
Managing)
E. E. WILLIAMS, J.P.
JULIAN S. HODGE, F.A.C.C.A.
E. PARSONS
J. R. TAYLOR
W. P. THOMSON

Secretary and Registered Office:
T. H. J. BARRETT, A.C.A.,
Avana Buildings, Cardiff.

Interested readers are invited to
apply to the Secretary,
Avana Associated Bakeries,
Avana Buildings, Cardiff, for a
copy of the report and accounts
which contains a review of the
year by Mr. I. R. Rees (chairman).

CAPITAL: Authorised: £1,000,000. Issued: £450,000
7% Cum. Pref. Shares of £1 each: £150,000,
Ord. Shares of 1s. each: £300,000. Quoted London and Cardiff.
Trading Profit: £294,489.
Net Profit after taxation: £113,636.
Ordinary dividend for 52 weeks to April 1, 1961: 40%.
Ordinary share price at Sept. 1, 1961: 13s. 9d.
High/Low quotation 1961: 13s. 9d./8s. 10½d.

THE ECONOMIST SEPTEMBER 9, 1961

SIR LINDSAY PARKINSON & CO. LTD.

A SCRIP ISSUE

The Twenty-fourth Annual Ordinary General Meeting of Sir Lindsay Parkinson & Co. Limited was held on August 31st in London, Mr A. E. Parkinson, chairman, presiding.

The following is an extract from his circulated statement:

The Group profit for 1960 before taxation amounts to £356,601, as compared with £308,146 for 1959. Taxation absorbs £157,643 against the charge of £159,905 for 1959.

The Group profit and loss account balance carried forward after providing for the dividends for the year is £596,706 compared with £475,557 brought in.

CONTRACTS AT HOME

The Civil Engineering Department has continued to expand. Since my last statement we have been awarded by the Central Electricity Generating Board the contract for the Site Preparations, River Works and Circulating Water System for the Nuclear Power Station at Oldbury, on the River Severn. The value of this contract is some £2½ million. We have also secured contracts for work at London Airport in excess of £½ million, and in recent weeks have been awarded by the Ministry of Transport the contract for the final section of the M6 Birmingham-Preston Motorway, valued at just below £6 million.

The further expansion of our Speculative Housing work, which I forecast last year, has been realised, and our activity in this particular field is still growing.

After referring to overseas activities, the chairman continued:

DIVIDEND

An interim dividend of 4 per cent was paid and the Board is able to recommend a final dividend for 1960 of 11 per cent (less tax), making a total of 15 per cent against the forecast of 13½ per cent. In addition the Board recommends a bonus issue in the proportion of one fully paid new unit for every ten held.

In making this proposal the Board stated, when publishing the preliminary figures, that in the absence of unforeseen circumstances they saw no reason to anticipate that the rate of dividend for 1961 on the increased capital would fall below the total of 15 per cent proposed for 1960. Since that time the Chancellor of the Exchequer has announced his measures for dealing with the economic situation. At this stage the Chancellor's measures would not appear to alter the forecast for the current year, unless further restrictions are imposed before the end of the year.

Our activities have expanded as I anticipated in my last statement, and the value of work in hand is over £24 million, compared with some £20 million last year. Our confidence in the future is indicated by the decision of the Board to recommend a capitalisation issue.

The report was adopted and the proposed scrip issue approved.

THE ECONOMIST SEPTEMBER 9, 1961

MOUNTSTUART DRY DOCKS, LIMITED

IMPROVED RESULTS

The Fifty-ninth Annual General Meeting of Mountstuart Dry Docks Limited was held on September 5th at Cardiff, Sir G. Leighton Seager, Bart, CBE, DL, JP, presiding.

The following is an extract from the Chairman's circulated Statement:

Our results show an improvement on the previous year. We were able to secure and handle a much larger volume of work than we did in the previous year, and had it not been for a very considerable loss at Barry, our results would have been very much better. Your Directors, with great reluctance, decided in June of this year to close the Barry Graving Docks, and for the time being no shiprepairing work will be undertaken there. Other forms of employment for our Barry Docks are being considered.

Now that we have pruned as far as we consider to be necessary, we have confidence that our group, embracing as it does a wide range of docks, is in a higher state of efficiency than ever. In the absence of unforeseen circumstances, I hope the improvement of last year will be maintained or even better results achieved in twelve months time.

In view of the improved results for the year, and in the hope that we have turned the corner, the Board has decided to recommend a dividend of 6 per cent, making the total distribution £72,649, as against £65,983, which I hope Shareholders will consider not unsatisfactory.

The report and accounts were adopted.

COMPANY MEETING REPORTS

BANQUE DE PARIS ET DES PAYS-BAS

PARIS

The Annual General Meeting of BANQUE DE PARIS ET DES PAYS-BAS was held in Paris on May 18th with Monsieur Emmanuel Monick in the Chair. The following are details of the report presented by the Board of Directors:

REVIEW

In France, 1959 had been devoted to economic consolidation after the monetary reforms of December 1958; 1960 was a year of expansion with stable domestic finances and balanced foreign accounts. In 1959 foreign trade had, in fact, been responsible for counterbalancing the deflationary effect of the monetary alignment. In 1960 the decisive factors in a recovery which went beyond all expectations were investments and the development of domestic consumption. Whereas an expansion of 5½ per cent in the gross domestic product had been estimated in the temporary plan drawn up at the beginning of 1960, the actual rate was more than 6 per cent.

All the major sectors of the economy contributed to this result.

The favourable trend evidenced by the economy in France and in numerous other countries could not but have a positive effect on the results of the Bank, all of whose departments operated at a high level of activity throughout the year.

PROFIT AND DIVIDEND

The Balance Sheet as of December 31, 1960 shows total assets of NF.2,758,723,914.84.

The net profit of the year amounts to NF.18,835,406.74 as compared with NF.15,334,431.62 in 1959 and enables us to propose a net dividend of NF.5.50 per share of NF.50 par value or NF.11 per consolidated share of NF.100 par value, and to carry forward the sum of NF.235,804.18.

The report, the accounts, and the proposals put forward by the Board of Directors were adopted.

TOWN AND COMMERCIAL PROPERTIES

ANOTHER YEAR OF EXPANSION

The annual general meeting of Town and Commercial Properties Limited was held on September 7th in London.

The following is an extract from the circulated statement of the chairman, Mr R. C. Yablon, LL.B:

I am pleased to report a second year of expansion, during which the gross assets have increased from £3,961,113 to £5,773,564.

The profits before provision for taxation have increased from £72,771 to £88,540 leaving a sum of £58,645 after provision for taxation. At the time of making the Rights Issue in November last your Directors paid an interim dividend of 6 per cent, and forecast a final dividend of 5 per cent on the increased capital. In the light of the improved profits your Directors feel confident in recommending a final dividend of 7½ per cent.

Mr Yablon commented on proposals to convert the existing shares of 2s. each into shares of 4s. each, and the making of a free scrip issue of one new 4s. share for every four shares held, and said that in the absence of unforeseen circumstances the Directors proposed to recommend a dividend of 6½ per cent on the increased capital of £1,357,500 for the current financial year, which was equivalent to 16½ per cent on the present issued capital of £543,000.

An assurance was given that in view of the large balance of unissued capital, namely £642,500, no further issue would be made in such a manner as to affect the control or nature of the business without the members' prior consent in General Meeting.

Referring to the closer association with the Legal & General Assurance Society, the chairman said that the Society had acquired an equity of approximately 10 per cent in the issued share capital of the Company and had made provision for long-term finance amounting in all to approximately £4,000,000.

He continued: During the year under review your Company acquired control of the Burtol Group, but the major benefits are not expected to accrue until the year 1962/63.

The total cost of developments now in hand, inclusive of sites, amounts to a sum in excess of £2,500,000. Your Company has sufficient sites and projects now in hand to provide a flow of developments over the next few years. With adequate long-term finance to cover the substantial development programmes in hand and with the consequent rising income, your Board looks to the future with confidence.

DOWTY GROUP LIMITED CHELTENHAM

Extracts from Sir George Dowty's Statement to Shareholders

CONTINUED EXPANSION OF PLANT AND RESOURCES

Boulton Paul Aircraft Limited an important new member company.

New factories at Ashchurch, Coventry and in Malta.

Development of Dowmatic Transmission for wide range of vehicles.

Further successes in overseas markets for mining equipment.

	Year 1960-1961
Group Profits ...	£2,525,668
Taxation ...	£1,196,454
Available Profits ...	£1,329,214
Capital and Reserves ...	£11,088,485

Dividend for year: 9½% Net

COMBINED ELECTRICAL MANUFACTURERS

SATISFACTORY RESULTS OF MERGER

The first annual general meeting of Combined Electrical Manufacturers Limited was held on August 31st in London, Mr Anthony M. Browne (chairman) presiding.

The following is an extract from his circulated statement for the period ending March 31st, 1961:

Combined Electrical Manufacturers Limited was formed a year ago to amalgamate Hackbridge and Hewittic Electric Company Limited and Switchgear and Cowans Limited together with their respective subsidiaries.

The products of these various companies—Transformers, A.C. and D.C. Switchgear and Rectifiers—are in a great measure complementary and required in connection with the Electric Supply Industry. Bertram Thomas, however, also have an important output in storage equipment known as "Tilt Racks" and supplied to

COMPANY MEETING REPORTS

many branches of industry.

The Directors are satisfied with the results of the merger. For Shareholders there are the added advantages that the risks and opportunities are spread over a wider sphere of the industry.

The total dividend of 12½ per cent is as forecast. We estimated that the combined profits would be at an annual level in the neighbourhood of £700,000. Allowing for the varying periods of the different Companies the annual rate works out at approximately £675,000. The difference between the estimated and achieved figures is due to a combination of factors. Some large equipments which were planned for output in March could not be completed in time. The transference of production to the new factories at Thanet (New Switchgear) and Hulme (Bertram Thomas) which took place in the last months of the period under review had some temporary adverse effects on production.

The figures show that your Companies have completed a successful trading period although conditions have been difficult owing to the reduced profit margins and the mounting cost of research and development which it is necessary

THE ECONOMIST SEPTEMBER 9, 1961

to undertake. Only by improved organisation, higher productivity and increased turnover from all factories can the financial results be improved or maintained and our efforts are being concentrated in achieving these objectives.

The value of orders secured and anticipated in the Group are very satisfactory enabling us to plan for an increased output which, barring unforeseen circumstances, we should be able to achieve.

Under the present national and international circumstances, it is more than usually difficult to make a forecast. Nevertheless we look forward with confidence to the results of the present year.

The plant supplied by our various Companies continues to give good service and the names attached to our products stand for excellence in operation and in service given at home and in all parts of the world. Repeat orders which have always been a regular feature in the history of our Companies continue to form the greater part of our order books. A good proportion of export business has also been maintained.

The report was adopted.

THE ECONOMIST SEPTEMBER 9, 1961

COMPANY AFFAIRS

Bowater Paper

CONTINUING pressure on profit margins, to which Sir Eric Bowater referred at the last annual general meeting of Bowater Paper, is clearly reflected in the first half figures for 1961. In his comment on them, Sir Eric shows that the increase in sales and in total profits above those for the first half of 1960 is attributable to new projects brought into production and to the expansion of the group's overseas interests, which in the first half of this year contributed as much as 75 per cent of the group's earnings. The group, it would appear, is still not able to make full use of capacity and intensive competition between the paper-makers is forcing margins down.

Sir Eric sees a "definite improvement" in North America and a less definite one in this country; but he says that immediate prospects in this country are difficult to assess until the effects of the credit restrictions become apparent and until Britain's future relations with the common market and the Commonwealth are more clearly defined. But neither here nor in North America does Sir Eric look for "any substantial turn in trading conditions in the

show that the gross profit of £2,608,000 is well in excess of the forecast of £2,275,000 made at the time of the Carreras-Rothmans integration. Of this profit, well over £500,000 was contributed by Rothmans. None of its profits was included in the 1959-60 figure of £1,774,000 but, as that included profits from the Rock City Company in Canada and the 1960-61 figure does not, it is clear that Carreras's own interests earned more. Presumably, this partly reflects more economical production at the new factory at Basildon; Carreras's older Arcadia works have been sold and the profit on this transaction is reflected in the transfer of £1,373,000 to capital reserve.

The directors have raised the dividend on the ordinary and "B" ordinary shares (which now control 50 per cent of the votes) from 8 to 9 per cent. In doing so, they have borne in mind the Chancellor's request for restraint but they believe that a small increase is justified in view of the level of profits available for distribution in the past few years. But for the Chancellor's appeal, they say, the dividend would have been higher. Certainly the cover of 2½ times on the 9 per cent dividend provided by net profits of £1,260,000 against £833,000 would have justified at least 10 per cent. In looking at the yield of nearly 4½ per cent offered by the 2s. 6d. "B" shares at 4s. 10½d., therefore, investors may conclude that there is something more tangible to come.

Great Universal Stores

THE prompt response of the directors of Great Universal Stores to the Chancellor's call for dividend restraint inevitably overshadowed the impact of the somewhat disappointing profits earned by GUS in the year to March 31st last. As the chairman, Mr Isaac Wolfson, points out, this was a most difficult year following the reimposition of hire purchase controls. The point, however, that shareholders should not overlook is that while the controls were in force for the whole of the financial year, trading results in the second half of that year were not as satisfactory as in the first half and that on March 31st GUS was crediting a deferred profit from earlier HP contracts to the trading surplus, which points to a marked contraction in HP transactions.

As a result of hire purchase controls GUS had to switch part of its higher-priced hire purchase business into a wider range of lower priced goods where margins of profit are no doubt much smaller. Thus while Mr Wolfson, somewhat surprisingly, says that all the group's various divisions made "sound progress" last year, he singles out particularly the mail order and multiple stores sections of the business. These changes in trading are reflected in the group balance sheet where "other instalment

debts" show a net rise of over £3½ million to £29 million, while the total hire purchase debt has fallen by almost £2 million to £42½ million, shown after a provision for deferred profits of £19.4 million on March 31st.

So far in the current year sales and profits are above those for the same period last year and Mr Wolfson is clearly confident about the prospects for the year as a whole. His confidence is backed by a healthy balance sheet with cash holdings in this country amounting to £11½ million (compared with overdrafts overseas of £2½ million) and a cash flow of the order of £9½ million a year. Slightly firmer as a result of this statement the 5s. "A" shares at 49s. 9d. yield 3.8 per cent on the unchanged dividend of 37½ per cent.

Davy-Ashmore and Wellman Smith Owen

THE mergers between Davy and United and Power Gas, to form the Davy-Ashmore group, and between Wellman Smith Owen and Incandescent Heat had much the same purpose: to add to the diversity of products and to form groups that were more capable of handling "package" orders from their principal customers—the steel, metallurgical, and chemical industries. Both groups did well in the year to March 31st. Davy-Ashmore's profits rose from £2,353,000 to £3,991,000, and would have been even higher but for some exceptional non-recurring charges. WSO's trading profits rose from £1,779,000 to £2,114,000. WSO left its dividend unchanged at 25 per cent in keeping with the Chancellor's request, but is making a one-for-seven scrip issue; DA's 27½ per cent is 2½ per cent more than the forecast at the time of the merger. Both groups have sufficient liquid balances to cover their commitments, so long, Mr D. F. Campbell, the retiring chairman of Davy-Ashmore points out, as customers do not demand excessive credits.

Both have plenty of orders on hand—WSO's order book amounts to over £11 million and DA's work-in-progress to £29 million—and both can look forward to satisfactory trading results in the current year and probably in 1962-63 as well. In each case, benefits from the mergers should then emerge more clearly than they did in 1960-61. Until, in fact, the latest phase of development in the British steel industry is completed, investors should have little to worry about. Indeed, this is reflected in the yields: 3.9 per cent, covered 2½ times, on Davy-Ashmore at 140s. 6d. and 3.5 per cent, covered 2½ times, on Wellman Smith Owen at 36s.

But, as Mr Campbell points out, capital goods producers are engaged in a business with a long term cycle and both have to look beyond the immediate future. This has led WSO to sign agreements with Voest of Austria on the LD oxygen process for steel-making and with Schloemann of Germany on the manufacture of rolling mills; Sir Peter Roberts, the chairman, says that

APPOINTMENTS

UNIVERSITY OF GHANA

DEPARTMENT OF AGRICULTURAL ECONOMY
Applications are invited for the following posts:

(a) SENIOR LECTURER or LECTURER with special interest in Agricultural Economics and Farm Management.
(b) SENIOR LECTURER or LECTURER with special interest in Farm Mechanisation or Soil Conservation.

Salaries: Senior Lecturer: EG1.750 x EG75—EG2.200; Lecturer: EG1.050 x EG50—EG1.400 x EG75—EG1.850; EG1.900. Non-Ghanaians an additional 20 per cent. Entry at appropriate position. Appointment normally five years in first instance.

Outfit allowance EG60. Car allowance: EG150 p.a. Family allowance for non-Ghanaians for each child in West Africa EG50 p.a. or, if under age of 21 and being educated outside West Africa, EG100 p.a. (maximum five children). Part furnished accommodation at charge not exceeding 7.5 per cent of salary. F.S.S.U. policies maintained if already held, or superannuation on similar basis.

Passages for appointee and family on appointment and normal termination. Annual leave with three overseas return passages in every four years for non-Ghanaians and one every three years for Ghanaians.

Applications, with full details of qualifications, experience, etc., and naming three referees to be sent before October 9, 1961, to the Assistant Registrar (London), University of Ghana, 15 Gordon Square, London, W.C.1, from whom further information may be obtained.

COMMONWEALTH ECONOMIC COMMITTEE

Invites applications from Economists with wide experience for appointment as SECTION OFFICER, Salary according to approved experience in scale £1,781-£2,483. Compulsory contributory superannuation scheme (F.S.S.U.) five days a week. Duties include preparation of regular and/or occasional reports on trade, production, etc., of Commonwealth Commodities or on specific economic questions; supervision of professional staff in section. Applications, giving curricula vitae, qualifications, names of referees, etc., to Secretary, Commonwealth Economic Committee, Marlborough House, Pall Mall, London, S.W.1.

UNIVERSITY OF GHANA

DEPARTMENT OF ECONOMICS

Applications are invited for posts as SENIOR LECTURER and LECTURER IN ECONOMICS

For one appointment special interest in Economic Theory required, and for the Senior Lecturer considerable teaching or research experience essential.

Salaries: Senior Lecturer: EG1.750 x EG75—EG2.200; Lecturer: EG1.050 x EG50—EG1.400 x EG75—EG1.850; EG1.900. Non-Ghanaians an additional 20 per cent. Entry at appropriate position.

Appointment normally for five years in first instance.

Outfit allowance EG60. Car allowance: EG150 p.a. Family allowance for non-Ghanaians for each child in West Africa EG50 p.a. or, if under age of 21 and being educated outside West Africa, EG100 p.a. (maximum five children). Part furnished accommodation at charge not exceeding 7.5 per cent of salary. F.S.S.U. policies maintained if already held, or superannuation on similar basis.

Passages for appointee and family on appointment and normal termination. Annual leave with three overseas return passages in every four years for non-Ghanaians and one every three years for Ghanaians.

Applications (six copies) with full details of qualifications, experience, etc., and naming three referees, to be sent before September 25, 1961, to the Assistant Registrar (London), University of Ghana, 15 Gordon Square, London, W.C.1, from whom further information may be obtained.

THE EDINBURGH SCHOOL OF AGRICULTURE

Applications are invited for the post of ASSISTANT ADVISORY OFFICER, FARM BUILDINGS.
Salary Grade IV—£718-£993.

The appointment is eligible for Superannuation.

Candidates should hold a degree in Agricultural Economics or Agriculture or Economics. Post-graduate study or special interest in Work Study is desirable. The post has been created to further the study of labour and power organisation in farming. Particulars and application forms may be obtained from the Secretary, Edinburgh School of Agriculture, West Mains Road, Edinburgh, 9, with whom applications should be lodged within two weeks of this advertisement.

J. A. JOHNSTON, Secretary.

For other appointments see page 1019

AREA POLITICAL EDUCATION OFFICER

Required for political party organisation. Applicants should be University graduates, preferably between 25 and 45. Commercial salary according to experience and qualifications, not less than £750. Write to Conservative Political Centre, 32 Smith Square, London, S.W.1.

MIDDLESEX COUNTY COUNCIL

Education Committee

Ealing Technical College, St. Mary's Road, Ealing, W.5

Principal: Dr. O. G. Pickard, B.Sc.(Econ.), B.Com., F.I.O.M.

APPLICATIONS are invited for appointment as SENIOR LECTURER in a Division of Marketing to be established in the School of Business at Ealing Technical College, duties to begin as soon as possible although the College is prepared to wait a reasonable time for the right person to allow existing commitments to be discharged.

The Division will specialise in marketing education and will be one of the first of its kind in the country. The initial staff envisaged is one Senior Lecturer, one Assistant Lecturer and two Research Assistants. The junior appointments will not be made until a Senior Lecturer has been appointed and is available to advise on the remaining appointments.

The successful applicant for this post should have had at least five years' experience in marketing or marketing research, a good degree and/or professional qualification of high standing, and preferably have contributed to the serious literature of the subject. Permission will be given for consultancy work to be undertaken.

Salary:—Senior Lecturer, £1,588-£1,801 per annum (under review).

Assistant Lecturer and Research Assistants, £738-£1,201 per annum (under review).

In the case of Assistant Lecturer and Research Assistants additions may be given for industrial experience (up to £330 above the minimum), training and study (up to £120 above the maximum) and for qualifications (£165 above the maximum).

Application form and further information on application to the Principal (i.e., a.e.). Closing date two weeks from the date of this advertisement.

Previous applicants please do not re-apply.
C. E. GURR, M.Sc., Ph.D.,
Chief Education Officer.

THE CENTRE FOR BUSINESS RESEARCH

newly established in the University of Manchester, invites applications for one or more posts of SENIOR RESEARCH OFFICER. Candidates should have a good honours degree including economics or statistics, experience in industry or commerce, and an interest in research. Salary in the range of £2,000-£3,000, according to qualifications and experience. Apply by letter to Professor B. R. Williams, The University, Manchester 13, from whom further details may be obtained.

BUSINESS AND PERSONAL

THE CHARTERED INSTITUTE OF SECRETARIES

Employers requiring the services of Chartered Secretaries to fill secretarial and similar executive posts are invited to communicate with the Secretary of the Institute (Dept. E), 14 New Bridge Street, London, E.C.4.

TOP CITY MEN prefer good secretaries introduced through STELLA FISHER BUREAU, 439 Strand, W.C.2.

ANY PORT IN A STORM—but only one sherry. Regardless of the weather, it's EL CID, the superb Spanish Montillado that pleases the most discerning palates.

EDUCATION AND COURSES

Woolwich Polytechnic

London, S.E.18

EVENING B.Sc. (ECON.) DEGREE COURSE

Applications are now being considered for admission to this Course. Students interested should write NOW for further information or attend for EL CID, the superb Spanish Montillado that pleases the most discerning palates.

PROSPECTUS OBTAINABLE FROM: The Secretary, Woolwich Polytechnic, Thomas Street, London, S.E.18.

EXPERT POSTAL TUITION

for Examinations—B.Sc.(Econ.), Law, Accountancy, Costing, Secretarial, Civil Service, Management, Export, Commercial, General Certificate of Education, etc. Also many practical (non-examination) courses in business subjects.—Write today for free prospectus and/or advice, mentioning examination or subjects in which interested, to the Secretary (G9/2).

METROPOLITAN COLLEGE, ST. ALBANS

or call at 30 Queen Victoria Street, London, E.C.4. Established 1910.

SURREY EDUCATION COMMITTEE

KINGSTON TECHNICAL COLLEGE

DEPARTMENT OF COMMERCE, LANGUAGES AND PROFESSIONAL STUDIES

BACHELOR OF SCIENCE (ECONOMICS) DEGREE UNIVERSITY OF LONDON

Applications are invited for the course commencing September, 1961. Forms and full details can be obtained from the Principal, Kingston Technical College, Fasset Road, Kingston-upon-Thames, Surrey.

AN opportunity exists for a Market Research

specialist to participate in the development of an organisation in the field of Industrial Market Research. This will be an extension to the activities of an Engineering Sales Company in Birmingham.

Applicants should preferably have a degree in Economics, and should have actual experience of the conduct of Industrial Surveys. A knowledge of Languages would be advantageous. Replies in confidence to Box 1540.

THE ENCOURAGEMENT AND PROTECTION OF INVESTMENT

IN THE DEVELOPING COUNTRIES. This conference is intended to cover the legal and commercial aspects of public and private investment in the Hotel, Aldwych, London, W.C.2, on September 28-29. Those taking part include The Rt. Hon. Lord McNair, The Rt. Hon. Lord Shawcross, Sir Duncan Cumming, Sir Percival Griffiths, Mr. William Clark, Mr. F. Perceval Griffiths, Mr. Information from Federal Trust, 10 Wyndham Place, London, W.1. Tel.: PADDINGTON 6670.

HOW MUCH FOOD can you get from (15s. p.a.) shows their highest percentage of protein to be under one-tenth of adult needs. Write Consumer Council, Orchard House, Orchard Street, W.1.

B.Sc.(ECON) LONDON UNIVERSITY

U.C.C., founded in 1887, successfully prepares students for this Degree (obtainable without residence), which is a valuable qualification for those seeking executive appointments in commerce or industry, government or municipal other London Degree, giving details of municipal etc.—Prospectus, giving details of Courses for College, 60 Burlington House, Cambridge.

SECRETARIAL TRAINING, especially for Six-month and intensive 14-week students. Organising Secretary, Davies' Courses.—Write Park Avenue, W.11. PARK 4654.

WOOLWICH POLYTECHNIC

DEPARTMENT OF COMMERCE AND MANAGEMENT STUDIES

The next six-months full time POSTGRADUATE COURSE IN INDUSTRIAL ADMINISTRATION will commence on:

Monday, January 8, 1962

Minimum Entrance Requirements: Age 25 years. University Degree in Science or Engineering or other equivalent qualification and suitable industrial experience.

Applications will also be considered from ex-officers with a Staff College or Technical background.

For further details and application form, write to:

The Secretary, Woolwich Polytechnic, Thomas Street, London, S.E.18

TUITION FOR B.Sc. ECONOMICS

Wolsey Hall (Est. 1894) provides Postal Courses in a wide range of Subjects for two examinations for London Univ. B.Sc.(Econ.) (three if entrance is included) at moderate fees. 141 Wolsey Hall students passed London Univ. B.Sc. Economics exams, 1960-61. Also for G.C.E., Law, Statistical, other exams. Prospectus (mention examination) from E. W. Shaw Fletcher, C.B.E., LL.B., Director of Studies, Dept. P.17.

WOOLSEY HALL, OXFORD

Carreras

IN the year to June 30th Carreras, which now takes in the British interests and some of the overseas interests of Rothmans, added to its share of the tobacco and cigarette market, especially in filter-tipped brands. Some benefits arose from the reorganisation and re-equipment programme and from the establishment of closer links between Carreras and Rothmans, which include an agreement under which Carreras manufactures products for Rothmans' export trade. The increase in the manufacturers' price for cigarettes came too late to have much influence on the latest results, which

negotiations further to expand WSO's interests in oxygen steelmaking are proceeding. Both companies have experience in handling overseas contracts, most notably in the recent past in the consortium engaged on the Durgapur project in India, and both will have to look overseas for an increasing amount of their business. Hence the pace of advance in the undeveloped countries and the prospect of Britain joining the common market are vital to both. Each seems to be prepared for the challenge; but neither underrates the competition. Nor should investors do so in looking beyond the next two or three years.

Unigate

"D RINKA Pinta Milka Day" urge the hoardings and the television commercials and milk consumption in this country goes on rising. But this extensive campaign by the National Milk Publicity Council cannot be run on the cheap and Unigate which handles more than one quarter of all milk produced in this country has supported the encouragement of more milk drinking at "a considerable expense," according to the chairman, Mr G. Ivor Price. It has eroded still further the low profit margins; in the year to March 31st last the group's pre-tax profits of £6.2 million represented a return of only 3.2 per cent on sales of £197 million. This return should improve in the future as further economies emerge from a fuller integration of the two large dairy constituents of Unigate, the United Dairies and Cow and Gate companies.

Partly as a result of this merger the group last year spent in excess of its substantial cash flow of £4.4 million. The chairman says that this may continue for two or three years but "subject to many reservations" the group is unlikely to need fresh capital. At the year end, capital commitments amounted to £2.2 million, compared with £1.8 million a year earlier, while net liquid assets had almost halved to £1.2 million. It seems improbable therefore that the group will be able to delay indefinitely the raising of additional capital. Large profit retentions will still be needed and in the face of a 10 per cent increase in net profits the Unigate directors have held the ordinary dividend at 14 per cent, now covered just over twice. For the future the chairman looks for steady progress rather than spectacular results; the market seems to share this view, for the 5s. shares now stand at 16s., compared with 22s. 6d. a year ago, and yield 4.4 per cent.

Triplex

THE fall in Triplex's sales from £11,551,000 to £9,421,000, trading profits cut from £1,707,000 to £946,000 and net income cut from £798,000 to £460,000 in the year to June 30th seem sufficient to justify the reduction of the ordinary dividend from 15 to 12½ per cent. Yet the dividend is covered nearly twice by

COMPANY AFFAIRS

earnings and 15 per cent would have been covered just over 1½ times. Moreover, the group is not short of liquid resources; it has deferred some of its developments but even so it has completed the main extensions to its buildings and is ready to install new plant at short notice whenever it is needed.

The dividend decision may therefore reflect some anxiety about the future. The really sharp fall in sales and earnings occurred in the first half of the financial year; in the second half there was a fairly steady improvement in sales, though they remained below those in the corresponding period of 1960. Sales of laminated glass fell particularly heavily with the decline in car exports to North America and, despite some improvement, the laminating plant is working at only a fraction of capacity. A rebound in profits to the 1959-60 level would require a sharp pick-up in car sales at home and in North America. This looks unlikely now, and though a slight improvement in sales and more economic production may lead to improved profits, they do not seem likely to be much higher than those in 1960-61. Investors should not assume that the dividend will be brought back to 15 per cent; currently the 10s. shares at 30s. 9d. yield 4 per cent.

Murex

FOLLOWING the doubling of Murex's profits in 1959-60 there was some disappointment that they showed such a small advance from £1,334,000 to £1,337,000 after a bigger depreciation charge in the year to April 30th. The full accounts show that even this small increase resulted from a substantial advance in interest on short term deposits; gross profits, like net profits, would otherwise have shown a slight fall. The new chairman, Mr H. J. Penn, says that the group's sales, mainly of metallurgical products, rose by 9 per cent to £11½ million and that higher costs were only partly offset by improved operating techniques. Moreover, the company suffered small stock losses from a fall in wolfram prices.

Capital expenditure at Rainham and Waltham Cross in 1960-61 amounted to £550,000 and was designed to promote further economies in manufacture. This expenditure was well within the cash flow of £683,000, but the building up of stocks by £840,000 cut liquid assets from £980,000 to £540,000. At the year end, capital commitments amounted to £141,000 and the chairman is confident that the cash flow will remain adequate to finance the capital expenditure programme unless there is a marked fall in business. So far in the current year demand has been satisfactory but the ten-year record shows that the group's results are subject to marked fluctuations. A lot will depend on the level of activity of the group's main customers including steel, engineering, machine tools and chemicals. At 40s. 6d. the £1 shares yield 6.4 per cent on the 13 per cent dividend, covered 2½ times, and this seems to discount the short-term uncertainties.

THE ECONOMIST SEPTEMBER 9, 1961

London Stock Exchange

FIRST DEALINGS:	Aug. 21	Sept. 4	Sept. 18
LAST DEALINGS:	Sept. 1	Sept. 15	Sept. 29
ACCOUNT DAY:	Sept. 12	Sept. 26	Oct. 10

DESPITE the immediate implementation of Russia's decision to resume nuclear tests, the stock market remained unperturbed over the week to Wednesday. Before the weekend, markets were largely featureless as the quietest account of the year drew to a close and price movements of industrial equities were small and the level of business was low. The new account also opened quietly, though prices rose slightly towards the close on Monday following the news of the rise in the gold reserves. This, together with the continued strength of the pound, contributed to a more definite improvement on Tuesday, when the *Financial Times* index rose 2.7 points, the best daily rise since August 4th. On Wednesday, most prices held firm, but there were some irregular movements in those of market leaders and companies in the news. The *Economist* Indicator showed a net rise of 4.3 points to 370.7 over the week.

The gilt-edged market has been firm throughout the week. There has been a fair demand for medium and long dated stocks, and some investment buying of these maturities. Savings 2½ per cent 1964-67 gained ¼ to 82, and Conversion 5½ per cent 1974 gained ¼ to 89½. Prices have been helped by the strength of sterling, but there have been few changes in short and undated stocks. War Loan 3½ per cent gained only ¼ to 53½ over the week.

Interest in bank shares revived after the weekend, and Barclays gained 3s. 3d. to 72s. 6d. xr. Brewery shares have been generally steady, and following good interim results Whitbread "A" gained 2s. 9d. to 29s. 9d. Wall Paper deferred showed the best improvement among building shares, and gained 7s. 6d. to 127s. 6d. Stores shares continued to gain ground, especially Marks and Spencer "A" which rose 3s. 9d. to 103s. There has been no decided trend in engineering and steel shares. Most of the movements have been small, with the exception of Davy-Ashmore, which gained 1s. 3½d. to 140s. xd following the chairman's statement. Among motor shares, Leyland showed a net loss of 2s. 3d. to 89s. 3d., while Jaguar "A" gained 2s. 10½d. to 80s. 4½d. The announcement of lower profits for the first half of the year from Bowater caused its shares to lose 4s. 3d. to 50s. 6d. over the week, and paper shares generally have been depressed. Shipping and oil shares drifted lower, and Shell lost 2s. 9d. to 116s. 3d. Most textile shares improved slightly, and West Riding Worsteds gained 2s. to 70s. 6d.

Tin shares, after some selective interest immediately after the weekend slumped heavily last Wednesday, as a result of the sharp fall in the metal price. Tronoh lost 6s. 9d. in the day, making a net loss of 8s. to 67s. 6d. xd over the week.

THE ECONOMIST SEPTEMBER 9, 1961

EXCHEQUER RETURNS

For the week ended September 2, 1961, there was an "above-line" deficit (after allowing for sinking funds) of £27,299,000 compared with a deficit of £37,892,000 in the previous week and a surplus of £1,953,000 in the corresponding period of last year. There was a net deficit "below-line" of £52,854,000 leaving a total cumulative deficit to date of £442,683,000 compared with £473,513,000 in 1960-61.

'000	Estimate 1961-62	April 1, 1960, to Sept. 3, 1960	April 1, 1961, to Sept. 2, 1961	Week ended Sept. 2, 1960	Week ended Sept. 2, 1961
Ordinary Revenue					
Income Tax.....	2,728,500	589,473	680,726	39,242	46,421
Surplus.....	210,000	32,300	38,600	800	800
Death Duties.....	240,000	95,700	114,500	4,600	3,700
Stamps.....	94,000	37,800	46,000	1,700	1,500
Profits tax, EPT and EPL.....	325,500	114,500	141,800	4,100	5,300
Other Inland Rev. Duties.....	...	50	...	...	...
Total Inland Rev.	3,598,000	869,823	1,021,626	50,442	57,721
Customs.....	1,550,000	620,181	676,589	26,281	32,834
Excise.....	960,000	432,530	437,150	18,840	23,390
Total Customs and Excise.....	2,510,000	1,052,711	1,113,739	45,121	56,224
Motor Duties.....	155,000	25,997	27,218	762	...
PO (Net Receipts).....	40,000	10,600	11,200	2,100	...
Broadcast Lic's.....	205,000	13,178	11,917	1,034	...
Sundry Loans.....	...	47,133	...	...	...
Miscellaneous.....	...	...	...	...	...
Total.....	6,508,000	2,019,442	2,290,700	99,459	113,945
Ordinary Expenditure					
Debt Interest.....	660,000	301,492	333,450	10,868	10,484
Payments to N. Ireland Exch. PO Fund - Initial settlement.....	92,000	33,621	34,655	...	...
Other Consolidated Funds.....	15,000	...	...	...	...
Supply Services.....	8,000	3,852	3,979	30	24
Total.....	5,961,902	2,284,515	2,486,102	92,480	133,606
Sinking Funds.....	40,000	16,900	16,272	5,026	4,638
"Above-line" Surplus or Deficit.....	281,973	211,674	1,953	27,299	...
"Below-line" Net Expenditure.....	191,540	231,009	39,385	52,854	...
Total Surplus or Deficit.....	473,513	442,683	37,432	80,153	...
Net receipts from:					
Tax Reserve Certificates.....	113,045	93,236	19,151	34,021	...
Savings Certificates.....	33,200	10,300	900	1,600	...
Defence Bonds.....	47,961	20,992	1,484	957	...
Premium Savings Bonds.....	25,340	17,750	2,950	700	...
Total.....	219,546	121,678	24,485	32,144	...

* Net receipt to the Civil Contingencies Fund of £5 million in 1961-62 compared with a net receipt of £7 million in 1960-61.

FLOATING DEBT

(£ million)

	Treasury Bills	Ways and Means Advances	Total Floating Debt
	Tender	Tap	Public Dept. Bank of England
1960			
Sept. 3	3,500.0	1,967.3	199.9
1961			
May 27	3,210.0	1,843.3	249.7
June 3	3,240.0	1,825.3	258.5
" 10	3,270.0	1,827.6	242.2
" 17	3,280.0	1,823.6	263.9
" 24	3,290.0	1,909.6	201.6
" 30	3,290.0	...	283.3
July 8	3,280.0	1,853.1	265.2
" 15	3,270.0	1,866.0	269.0
" 22	3,260.0	1,894.4	214.3
" 29	3,250.0	1,920.3	220.4
Aug. 5	3,280.0	1,882.6	207.3
" 12	3,290.0	1,712.9	206.6
" 19	3,290.0	1,732.5	316.8
" 26	3,280.0	1,840.0	201.9
Sept. 2	3,260.0	1,855.3	239.4

Money and Exchanges

THE MONEY MARKET

KEEPING its bid unchanged at £98 6s. 6d. at last Friday's Treasury bill tender the syndicate of discount houses received 48 per cent of its application against 39 per cent at the previous week's tender. The average rate of discount was virtually unaltered at £6 14s. 0.50d. per cent. Total applications, after the previous week's sharp rise of £30 million, fell back by a similar amount to £380 million. The offer of £250 million was fully allotted.

Credit has been almost consistently short in the money market and the authorities have given varying amounts of special help. But this has not been sufficient to keep houses from borrowing at the Bank of England. On Friday of last week five or six houses were forced to borrow a moderate amount at Bank rate and on both Tuesday and Wednesday penal borrowing was again necessary, though for very small amounts. Business in bills has been on a small scale, with the clearing banks continuing to buy November bills at 6 19/32 per cent.

In New York the three months bill rate recovered slightly (after last week's sharp fall) from 2.310 to 2.392 per cent.

MONEY RATES

LONDON			
Bank rate (from 5%, 26/7/61).....	%	Discount rates:	%
Bank bills:		60 days.....	6½-6½½
60 days.....		3 months.....	6½-6½½
3 months.....		4 months.....	6½-6½½
4 months.....		6 months.....	6½-7
6 months.....		Fine trade bills:	
7 days notice:		3 months.....	7½-8½
5		4 months.....	7½-8½
5-5½		6 months.....	8-9
Local Authorities.....			
Money.....			
Day-to-Day.....	5½-6½		
NEW YORK			
Official Discount rate:	%	Treasury bills:	%
(from 3½%, 11/8/60) 3		Aug. 28.....	2.310
		Sept. 1.....	2.392

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits	Market Rates : Spot						
	September 6	August 31	September 1	September 2	September 4	September 5	September 6	
United States \$	2-78-2-82*	2-80½-2-80	2-80½-2-80	2-80½-11-16	2-80½-7-8	2-80½-8-1	2-81½-1-4	
Canadian \$. . .	...	2-89½-2-89	2-89½-1-6	2-89½-2-89	2-89½-2-89	2-89½-3-4	2-89½-6-15,16	
French Fr. . . .	13-622-14-027	13-78½-79½	13-78½-79½	13-78½-79½	13-80-80½	13-82-82½	13-82½-13-4	
Swiss Fr. . . .	11-94-12-54½	12-11½-11½	12-10½-11½	12-10½-11	12-11½-12	12-12½-13	12-13-13½	
Belgian Fr. . .	137-96	139-60	139-62½	139-62½	139-72½	139-87½	139-90	
	142-05	65	67½	67½	77½	92½	95	
Dutch Gld. . .	9-98½-10-28½	10-11½-11½	10-12½-12½	10-12½-12½	10-12½-12½	10-13½-13½	10-15-15½	
W. Ger. D-Mk. .	11-037-11-365	11-21½-21½	11-21½-21½	11-21½-21½	11-22-22½	11-22½-22½	11-23½-23½	
Portug. Esc. . .	80-20-30	80-20-30	80-20-30	80-20-30	80-20-30	80-25-35	80-25-35	
Italian Lire . .	1725-1775	1740½-1741	1741½-1741	1741½-1741	1742-1742	1743-1743	1744½-1745	
Swedish Kr. . .	14-27½-14-70	14-52-52½	14-53½-54½	14-54-54½	14-55½-55½	14-56-56½	14-57½-14-4	
Danish Kr. . .	19-06½-19-62	19-34½-12	19-34-34½	19-34-34½	19-34½-34	19-34½-34	19-35½-36	
Norwegian Kr. .	19-71-20-30½	20-01½-16	20-01-01½	20-01-01½	20-01-01½	20-01½-02	20-01½-02	
* Official Limits								
One Month Forward Rates								
United States \$	11½-15½c. pm	11½-15½c. pm	11-7c. pm	1-7c. pm	11½-15½c. pm	11½-15½c. pm	11½-1c. pm	
Canadian \$	11½-15½c. pm	11½-15½c. pm	11½-15½c. pm	11½-15½c. pm	11½-15½c. pm	11½-15½c. pm	11½-1c. pm	
French Fr.	41½-31½c. pm	41½-31½c. pm	41½-33½c. pm	41½-33½c. pm	41½-31½c. pm	41½-31½c. pm	41½-31½c. pm	
Swiss Fr.	51½-43½c. pm	51½-35c. pm	51½-35c. pm	51½-35c. pm	51½-43½c. pm	51½-43½c. pm	51½-35c. pm	
Belgian Fr.	40-30c. pm	40-30c. pm	42-32c. pm	45-35c. pm	45-35c. pm	45-35c. pm	43-33c. pm	
Dutch Gld.	51½-43½c. pm	51½-43½c. pm	51½-43½c. pm	51½-43½c. pm	51½-43½c. pm	51½-35c. pm	51½-35c. pm	
W. German D-Mk.	43½-44½c. pm	43½-44½c. pm	43½-44½c. pm	43½-44½c. pm	41½-33½c. pm	43½-38½c. pm	5-41½c. pm	
Three Months Forward Rates								
United States \$	21½-21½c. pm	21½-21½c. pm	21½-21½c. pm	21½-21½c. pm	21½-21½c. pm	21½-21½c. pm	21½-21½c. pm	
Canadian \$	21½-21½c. pm	21½-21½c. pm	21½-21½c. pm	21½-21½c. pm	21½-21½c. pm	21½-21½c. pm	21½-21½c. pm	
Swiss Fr.	15½-14½c. pm	15½-15c. pm	15½-15c. pm	15½-15c. pm	15½-14½c. pm	15½-14½c. pm	15½-15c. pm	
W. German D-Mk.	13½-13½c. pm	13½-13½c. pm	13½-13½c. pm	13½-13½c. pm	13½-13½c. pm	13½-12½c. pm	13½-13½c. pm	
Gold Price at Fixing								
Price (s. d. per fine oz.)	250/11½	250/10	...	...	250/8½	250/6½	250/5½	
" (\$)	35-18½	35-18½	...	...	35-18½	35-19	35-19½	

LONDON AND NEW

Prices, 1961		BRITISH FUNDS AND GUARANTEED STOCKS		Price, Aug. 30, 1961	Price, Sept. 6, 1961	Net Yield, Sept. 6, 1961	Gross Yield, Sept. 6, 1961	Prices, 1961		Last Two Dividends (a) (b) (c)	ORDINARY STOCKS		Price, Aug. 30, 1961	Price, Sept. 6, 1961	Yield, Sept. 6, 1961	Cover
High	Low							High	Low							
92 1/2	88 3/4	Savings Bonds 3% 1955-65	88 1/2	88 1/2	3 1/2	5 1/2	10 1/2	89 7/16	64 1/2	13 c	6 1/2 a	BANKS, DISCOUNT & HP	69 3/4	72 6 1/4	3 59	
101 1/2	99 1/2	Conversion 4 1/2% 1962	99 1/2	99 1/2	4 0	6 3 1/2	11 1/2	100 3/4	74 3/4	16 c	8 a	Barclays	83 1/2	83 1/2	3 82	
96 3/4	93 3/4	Exchequer 3% 1962-63	94 1/2	94 1/2	4 18	6 6 2 1/2	10 1/2	95 1/2	58 7/16	13 c	7 a	District	80 1/2	80 1/2	3 60	
101 1/2	99 1/2	Treasury 5 1/2% 1962	99 1/2	99 1/2	3 9 3	6 3 8	11 1/2	100 3/4	74 3/4	16 c	8 a	Lloyds	83 1/2	83 1/2	3 82	
92 1/2	90 1/2	Exchequer 2 1/2% 1963-64	90 1/2	90 1/2	5 2 11	6 6 1 1/2	10 1/2	94 1/2	67 3/4	19 c	9 1/2 a	Midland	79 1/2	79 1/2	3 57	
99 1/2	96 3/4	Conversion 4 1/2% 1963	97	97	4 8 2	6 10 9	10 1/2	97 3/4	73 1/2	7 b	7 a	Nat. Provincial	77 1/2	77 1/2	3 60	
98 1/2	94 1/2	Conversion 4 1/2% 1964	95 1/2	95 1/2	4 8 11	6 9 4	9 1/2	95 1/2	58 7/16	13 c	6 1/2 a	Westminster B.	73 1/2	73 1/2	3 60	
101 1/2	96 3/4	Exchequer 5 1/2% 1966	96 3/4	96 3/4	4 5 4	6 8 9	10 1/2	97 3/4	73 1/2	7 b	7 a	Australia & N.Z.	37 1/2	36 1/2	6 58	
83 1/2	78 3/4	Funding 3% 1959-69	79 1/2	79 1/2	5 5 6	6 13 1 1/2	11 1/2	82 1/2	43 1/2	8 c	4 a	Bk. of Montreal	24 1/2	24 1/2	2 92	
89 1/2	86 1/2	Funding 4% 1960-70	86 1/2	86 1/2	3 17 0	5 12 4 1/2	12 1/2	87 1/2	43 1/2	8 c	4 a	Bank of New S. Wales	24 1/2	24 1/2	2 92	
79 1/2	74 3/4	Savings Bonds 3% 1960-70	75 1/2	75 1/2	5 7 7	6 13 0 1/2	10 1/2	80 1/2	44 1/2	10 c	5 a	Barclays D.C.O.	36 1/2	36 1/2	3 69	
64 1/2	60 1/2	Savings Bonds 2 1/2% 1964-67	61 1/2	61 1/2	5 2 3	6 11 10 1/2	10 1/2	64 1/2	48 1/2	7 1/2 b	7 1/2 a	Chartered	50 1/2	50 1/2	5 20	
71 1/2	66 1/2	Savings Bonds 3% 1965-75	67 1/2	67 1/2	5 2 3	6 11 10 1/2	10 1/2	64 1/2	48 1/2	7 1/2 b	7 1/2 a	Hongkong & Shang.	25 1/2	25 1/2	1 81	
83 1/2	78 3/4	Funding 3% 1966-76	80 1/2	80 1/2	5 6 6	6 13 5 1/2	11 1/2	81 1/2	48 1/2	7 1/2 b	7 1/2 a	Nat. Com. Bk. Scot.	50 1/2	50 1/2	4 00	
97 1/2	92 1/2	Victory 4% 1920-76	93 1/2	93 1/2	3 10 5	5 1 6 1/2	10 1/2	93 1/2	48 1/2	7 1/2 b	7 1/2 a	Royal Bk. Canada	10 1/2	10 1/2	5 21 3/4	
90 1/2	87 1/2	Conversion 5% 1969	88 1/2	88 1/2	4 12 10	6 15 8	11 1/2	89 1/2	48 1/2	7 1/2 b	7 1/2 a	Stand. Bk. S. Africa	33 1/2	33 1/2	8 96	
93 1/2	89 1/2	Conversion 5 1/2% 1974	89 1/2	89 1/2	4 7 6	6 12 5	10 1/2	90 1/2	48 1/2	7 1/2 b	7 1/2 a	Bowmaker	5 1/2	5 1/2	1 14	
73 1/2	68 1/2	Treasury 3 1/2% 1977-80	67 1/2	67 1/2	4 16 8	6 12 4 1/2	10 1/2	67 1/2	48 1/2	7 1/2 b	7 1/2 a	Lombard Banking	5 1/2	5 1/2	1 14	
72 1/2	65 1/2	Treasury 3 1/2% 1979-81	66 1/2	66 1/2	4 16 7	6 12 1/2	10 1/2	66 1/2	48 1/2	7 1/2 b	7 1/2 a	Mercantile Credit	5 1/2	5 1/2	1 14	
97 1/2	92 1/2	Funding 5 1/2% 1982-84	89 1/2	89 1/2	4 2 10	6 9 7 1/2	10 1/2	90 1/2	48 1/2	7 1/2 b	7 1/2 a	United Doms. Tst.	42 1/2	42 1/2	3 75	
59 1/2	51 1/2	Redemption 3% 1986-96	52 1/2	52 1/2	4 11 7	6 8 8 1/2	10 1/2	53 1/2	48 1/2	7 1/2 b	7 1/2 a					
88 1/2	80 1/2	Treasury 5 1/2% 1986-89	81 1/2	81 1/2	4 5 8	6 12 6 1/2	10 1/2	82 1/2	48 1/2	7 1/2 b	7 1/2 a					
63 1/2	55 1/2	Funding 3 1/2% 1999-2004	56 1/2	56 1/2	4 8 8	6 11 9 1/2	10 1/2	57 1/2	48 1/2	7 1/2 b	7 1/2 a					
94 1/2	81 1/2	Treasury 5 1/2% 2008-12	82 1/2	82 1/2	4 4 5	6 14 10 1/2	10 1/2	83 1/2	48 1/2	7 1/2 b	7 1/2 a					
65 1/2	56 1/2	Consols 4% after Feb. 1957	59 1/2	59 1/2	4 3 3	6 16 3 1/2	10 1/2	60 1/2	48 1/2	7 1/2 b	7 1/2 a					
59 1/2	50 1/2	War Loan 3 1/2% after 1952	53 1/2	53 1/2	4 1 1	6 13 4 1/2	10 1/2	54 1/2	48 1/2	7 1/2 b	7 1/2 a					
59 1/2	50 1/2	Conv. 3 1/2% after Apr. 1961	52 1/2	52 1/2	4 2 1	6 13 5 1/2	10 1/2	53 1/2	48 1/2	7 1/2 b	7 1/2 a					
50 1/2	43 1/2	Treasury 3% after Apr. 1966	44 1/2	44 1/2	4 1 11	6 13 5 1/2	10 1/2	45 1/2	48 1/2	7 1/2 b	7 1/2 a					
44 1/2	36 1/2	Consols 2 1/2% after Apr. 1975	37 1/2	37 1/2	3 19 1	6 8 10 1/2	10 1/2	38 1/2	48 1/2	7 1/2 b	7 1/2 a					
43 1/2	36 1/2	Treasury 2 1/2% after Apr. 1975	37 1/2	37 1/2	4 0 9	6 11 8 1/2	10 1/2	38 1/2	48 1/2	7 1/2 b	7 1/2 a					
91 1/2	85 1/2	British Electric 4 1/2% 1967-69	86 1/2	86 1/2	4 15 6	6 13 10 1/2	10 1/2	87 1/2	48 1/2	7 1/2 b	7 1/2 a					
75 1/2	70 1/2	British Electric 3% 1968-73	71 1/2	71 1/2	5 3 4	6 11 10 1/2	10 1/2	72 1/2	48 1/2	7 1/2 b	7 1/2 a					
70 1/2	64 1/2	British Electric 3% 1974-77	65 1/2	65 1/2	5 0 3	6 10 2 1/2	10 1/2	66 1/2	48 1/2	7 1/2 b	7 1/2 a					
74 1/2	68 1/2	British Electric 4 1/2% 1974-79	70 1/2	70 1/2	4 11 11	6 12 1 1/2	10 1/2	71 1/2	48 1/2	7 1/2 b	7 1/2 a					
73 1/2	67 1/2	British Electric 3 1/2% 1976-79	68 1/2	68 1/2	4 16 5	6 12 1 1/2	10 1/2	69 1/2	48 1/2	7 1/2 b	7 1/2 a					
84 1/2	78 1/2	British Gas 4% 1969-72	79 1/2	79 1/2	4 17 1	6 12 1 1/2	10 1/2	80 1/2	48 1/2	7 1/2 b	7 1/2 a					
81 1/2	76 1/2	British Gas 3 1/2% 1969-71	77 1/2	77 1/2	5 1 5	6 13 0 1/2	10 1/2	78 1/2	48 1/2	7 1/2 b	7 1/2 a					
59 1/2	51 1/2	British Gas 3% 1990-95	53 1/2	53 1/2	4 12 6	6 10 2 1/2	10 1/2	54 1/2	48 1/2	7 1/2 b	7 1/2 a					
75 1/2	70 1/2	British Transport 3% 1968-73	71 1/2	71 1/2	5 3 4	6 11 6 1/2	10 1/2	72 1/2	48 1/2	7 1/2 b	7 1/2 a					
74 1/2	68 1/2	British Transport 4% 1972-77	75 1/2	75 1/2	4 13 9	6 11 9 1/2	10 1/2	76 1/2	48 1/2	7 1/2 b	7 1/2 a					
61 1/2	53 1/2	British Transport 3% 1978-88	56 1/2	56 1/2	4 15 10	6 10 1 1/2	10 1/2	57 1/2	48 1/2	7 1/2 b	7 1/2 a					

NEW YORK PRICES AND INDICES

	Aug. 30, 1961	Sept. 6, 1961		Aug. 30, 1961	Sept. 6, 1961		Aug. 30, 1961	Sept. 6, 1961
Atch. Topeka	27 1/2	27 1/4	Boeing	52 1/2	56 3/4	Int. Harvester	53 1/2	54
Can. Pacific	24 1/2	24 1/4	Celanese	37 1/2	37 3/4	Inter. Nickel	82 3/4	83 1/2
Pennsylvania	15 1/2	15 1/4	Chrysler	52 1/2	54 1/2	Inter. Paper	36 1/2	35 3/4
Union Pacific	35 1/2	34 3/4	Col. Palmolive	47 1/2	48 1/2	Kennecott	83 1/2	84 1/2
Amer. Electric	67 1/2	69 1/2	Crown Zeller	59 1/2	60 1/2	Monsanto	56 1/2	55 1/2
Am. Tel. & Tel.	121 1/2	120 1/2	Distillers Seag.	42 1/2	42 1/2	Nat. Distillers	27 1/2	27 1/2
Cons. Edison	75 1/2	74 1/2	Douglas	37 1/2	37 1/2	Pan-American	17 1/2	17 1/2
Int. Tel. & Tel.	58 1/2	56 1/2	Dow Chemical	84 1/2	85	Procter & Gamble	97 1/2	100 1/2
South'n. Nat. Gas	44 1/2	44 1/2	Du Pont	225 1/2	228 1/2	Radio Corp.	57 1/2	58 1/2
United Corp.	8 1/2	8 1/2	East Kodak	104 1/2	104 1/2	Sears Roebuck	69 1/2	70 1/2
Western Union	47 1/2	47 1/2	Ford Motor	93 1/2	97	Shell Oil	41 1/2	41 1/2
Alcoa	76 1/2	76 1/2	Gen. Electric	70 1/2	74 1/2	Socony-Mobil	44 1/2	43 1/2
Aluminum	30 1/2	31 1/2	General Foods	91 1/2	93 1/2	Stand. Oil Ind.	52 1/2	51 1/2
Amer. Can.	44 1/2	44 1/2	General Motors	45 1/2	45 1/2	Stand. Oil N.J.	44 1/2	44 1/2
Am. Smelting	69 1/2	69 1/2	Goodyear	45 1/2	45 1/2	Union Carbide	137 1/2	140 1/2
Am. Viscose	57 1/2	57 1/2	Gulf Oil	38 1/2	38 1/2	U.S. Steel	85 1/2	85 1/2
Anaconda	53 1/2	53 1/2	Heinz	64 1/2	64 1/2	West. Electric	43 1/2	45 1/2
Beth. Steel	42 1/2	42 1/2	Int. Bus. Mach.	547 1/2	547 1/2	Woolworth	74 1/2	73 1/2

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

1961	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Aug. 9	71.69	2.82	32.53	4.97	60.94	3.17	88.18	4.06
" 16	71.66	2.82	32.81	4.93	60.96	3.17	88.39	4.04
" 23	71.82	2.83	33.44	4.87	61.68	3.14	88.70	4.01
" 30	71.57	2.83	33.31	4.89	61.98	3.13	88.80	4.00
Sept. 6	72.27	2.81	33.17	4.91	62.61	3.10	88.70	4.01

425 Industrials—High, 72.38 (Aug. 22). Low, 60.87 (Jan. 3).

* Ex dividend. † Tax free. ‡ Assumed average life 8 years. § The net redemption yields allow for tax at 7s. 9d. in £. || Ex capitalisation. ¶ Ex rights. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution of 1s. 0d. per share. (f) Flat yield. (g) Equivalent to 7-2 sterling. (h) After Rhodesian tax. (i) To latest date.

YORK STOCKS

Prices, 1961		Last Two Dividends (a) (b) (c)		ORDINARY STOCKS		Price, Aug. 30, 1961	Price, Sept. 6, 1961	Yield, Sept. 6, 1961	Cover
High	Low								
FOOD & TOBACCO									
34 1/2	17 1/2	10 c	10 c	Allied Suppliers	10/-	17 1/2	17 1/2	5 67	2 1/4
15 1/2	7 3/4	10 c	12 1/2 b	Assoc. British Foods	1/-	12/-	11 1/9	1 91	2
74/-	55/-	4	8 b	Bovril	60/-	60/-	4 00	2 1/2	51 9
15 1/2	11 1/9	147 1/2 b	12 1/2 a	Brooke Bond 'B'	5/-	12 1/2	13 6	4 02	3 1/2
19 1/2	12 10 1/2	2 1/2 a	10 b	International Tea	5/-	13 1/2	14/-	4 46	1 1/2
107 1/2	68 1/2	5 a	10 1/2 b	J. Lyons 'A'	6/-	68/-	4 66	1 1/2	13/-
35 1/2	25 1/2	9 b	5 a	Ranks	10/-	27 6	28 1/2	5 00	51 7
14 10 1/2	10 1/2	1 1/2 b	7 1/2 b	Spillers	5/-	11 1/2	11 6	4 35	2
55 1/2	43 1/2	9 b	3 b	Tate & Lyle	5/-	44 10 1/2	46 1/2	5 20	70 3
20 10 1/2	15 10 1/2	5 a	9 b	Unigate	5/-	16/-	16 1/2	4 34	2
73 1/2	62 1/2	12 1/2 c	11 1/2 a	Brit. Amer. Tobac.	10/-	64 9 1/2	66 1/2	5 36	2 1/2
51 1/2	40 1/2	5 a	15 b	Gallaher	10/-	40 9	41 1/2	4 83	2
71 1/2	65 3/4	14 b	8 1/2 a	Imperial Tobacco	10/-	69 6	70/-	6 43	1 1/2
INSURANCE									
15 1/2	11 1/2	155 b	150 a	Britannic Union	5/-	13*	13	3 30	...
86 3/4	61 3/4	20 c	25 b	Commercial Union	5/-	67 3/4	67 3/4	3 35	...
32	17 1/2	141 17 c	141 17 c	Equity & Law Life	8/-	27 1/2	28 1/2	1 02	...
176 1/2	103 1/2	20 c	40 b	General Accident	5/-	147 9	150/-	2 00	...
60 1/2	42 7/2	35 a	40 b	Guardian	5/-	53 6	54 9	2 43*	...
39 1/2	23 1/2	80 a	110 b	Legal & General	5/-	31 1/2	32 1/2	1 48	...
146 1/2	100/-	8 1/2 a	11 1/2 b	Northern & Empl.	10/-	131/-	132/-	3 03	...
272 1/2	156 3/4	170 b	120 a	Pearl	5/-	216 3/4	223 9	3 28	...
29	18	118 13 1/2	120 8 1/2	Prudential 'A'	4/-	23	23 1/2	2 86	...
182 1/2	140 9	50 a	50 b	Royal	5/-	160/-	158/-	3 16	...
129 1/2	104 6	7 1/2 a	11 1/2 b	Royal Exchange	10/-	109 1/2	109 6	3 42	...
MOTORS & AIRCRAFT									
18 1/2	13 6 1/2	12 1/2 b	7 1/2 a	British Motor	5/-	13 9	13 6 1/2	7 37	2 1/2
86 3/4	66 11 1/2	20 c	20 c	Jaguar Cars 'A'	5/-	77 6	80 4 1/2	1 24	7 1/2
48 6	41 10 1/2	2 1/2 a	8 1/2 b	Rolls-Royce	10/-	45 3	46 6	4 73	2 1/2
10 1/2	6 8 1/2	12 c	12 c	Roths Motors 'A'	4/-	7/-	6 9	7 11	5 1/2
88 9	52 3 1/2	15 b	7 1/2 a	A.C.V. 'C'	10/-	75 7 1/2	76 1/2	2 42*	2 1/2
125 1/2	73 9	15 b	20 c	Leyard Motors	10/-	81 3	84 8	4 48	2 1/2
18 6	14/-	3 1/2 a	9 b	British Aeroplanes	10/-	16 2 1/4	16 1 1/2	7 75	2 1/2
33 3	28 11 1/2	10 a	5 b	Hawker Siddley	10/-	30 11 1/2	30 7 1/2	6 92*	1 1/2
41 3	31 9	14 a	15 1/2 b	Dowty Group	10/-	32 7 1/2	33 7 1/2	4 61	2 1/2
28 10 1/2	21 6	3 1/2 a	12 1/2 b	Dunlop Rubber	10/-	25 9	26 6	5 97	2
72 1/2	52 1/2	11 1/2 a	2 1/2 a	Joseph Lucas	5/-	52 11 1/2	53/-	5 19	3
33 3	19 9	9 a	21 b	Pressed Steel	5/-	20 2 1/2	21/-	7 14	1 1/2
46 3	30 1/2	15 c	12 1/2 c	Triplex Holdings	10/-	30 6 1/2	31/-	4 03	2
MINES									
168 9	110/-	40 a	50 b	Anglo-American	10/-	127 6	128 1 1/2	7 02	1 1/2
67 3	43/-	18 1/2 b	6 1/2 a	Consolid. Gold Fields	10/-	50 6	50 9	9 85	2
108 9	72 6 1/2	15 a	20 b	General Mining	10/-	81 3	82 6	8 48	2
68 6	40/-	40 a	120 b	Union Corporation	2 1/2	48 6	49/-	8 16	3
25 3	15 3	10 c	40 b	Daggalonten	5/-	18 3	17 9	22 54	1 1/2
125 1/2	73 9	100 b	100 b	Free State Geduld	10/-	80 1/2	80 1/2	10 63	2 1/2
54 3	37 6	25 a	25 b	Hartbeestfontein	10/-	41 3	41 3	12 12	1 1/2
64 6	41 10 1/2	60 b	50 a	President Brand	5/-	53 11 1/2	53 11 1/2	10 35	1 1/2
157 6	101 3	110 b	90 a	Western Holdings	5/-	117 6	116 10 1/2	8 56	1 1/2
28 6	15 9	...	8 1/2 a	Winkelhaak	10/-	20/-	19 6	12 61	8 1/2
75 3	55 1/2	13 1/2 a	36 1/2 b	Chartered	15/-	59 1/2	59 1/2	14 88	2
63 6	51 3	60 b	40 a	Rhod. Anglo-Am.	10/-	54 1/2	55 1/2	9 53	2 1/2
11 17 1/2	8 3	12 1/2 b	4 1/2 a	Rhod. Selection Tst.	5/-	8 10 1/2	9/-	9 55	2 1/2
6 11 1/2	4 10 1/2	10 1/2 a	4 1/2 a	Rang Antelope	5/-	5 3	5 3	14 38	1 1/2
30 9	20 1/2	22 1/2 b	15 a	Tananyika Cons.	10/-	20 6	20 1/2	18 75	1 1/2
81 6	63 1/2	6 1/2 a	13 1/2 b	Consolidated Zinc	10/-	68 1/2	68 1/2	5 84	1 1/2
159 4 1/2	100 1/2	100 a	150 b	De Beers Delf. Reg.	5/-	132 6	135/-	9 26	1 1/2
\$29 4 1/2	\$104	\$50 50	\$50 50	Internat. Nickel	n.p.	\$148 1/2	\$149 1/2	10 19	1 1/2
45/-	12 10 1/2	7 1/2 a	20 c	London Tin	10/-	33 9	34 1/2	6 96*	2 1/2
45/-	30/-	20 c	40 a	Rio Tinto	10/-	33 9	34 1/2	8 00	1 1/2
88 6	35 6	105 c	40 a	Tronoh	10/-	75 6	67 6	7 78	...
OIL									
61 6	44 9	13 1/2 a	18 1/2 b	British Petroleum	10/-	45 6	44 9	8 51	2 1/2
49 6	36 1/2	12 1/2 b	16 1/2 b	Burmah Oil	10/-	36 1/2	35 6	8 63	1 1/2
52 1/2	37 1/2	6 a	13 1/2 b	Castrol	10/-	41 1/2	41 1/2	4 14	2 1/2
(15) 51 6	41 0 1/2	10 23 a	13 64 b	Royal Dutch	20 fl.	111 1/2	111 1/2	5 85	3
139 7 1/2	108 9	18 1/2 a	112 1/2 b	Shell Transport	10/-	119 1/2	116 3	5 85	3
41 3	24 3	...	...	Ultramar	10/-	25 9	25 9	...	d
PAPER & NEWSPAPERS									
14 7 1/2	9 10 1/2	8 b	5 a	Daily Mirror	5/-	12/-	12 1/2	6 06*	1 1/2
91/-	57 6	8 a	8 b	W. H. Smith & Son 'A'	5/-	61 1/2	61 1/2	3 93	2
56 1/2	50 6	8 1/2 a	5 a	Bowater Paper	10/-	51 9	51 9	5 15	1 1/2
56 1/2	44/-	9 a	7 b	Albert E. Reed	10/-	49/-	48 1/2	6 67	1 1/2
54 3	37 6	4 a	8 1/2 b	Spicers	10/-	44 3	42 9	5 85	1 1/2
18 10 1/2	17 9	...	...	Thomson Org'n.	5/-	18 1/2	18 1/2	6 58*	2
68 9	50 6	4 a	10 b	Wiggins Teape	10/-	55 3	54 9	5 11	2
TEA & RUBBER									
14 7 1/2	9 10 1/2	8 b	5 a	Cons. Tea & Lnders	10/-	45 9	46/-	19 52	1
91/-	57 6	8 a	8 b	Java (Assam)	10/-	31 6	31 6	8 16	12 44
56 1/2	44/-	9 a	7 b	Nuwara Eliya	10/-	8 1/2	8 1/2	3 9	1
54 3	37 6	4 a	8 1/2 b	Highlands & Lowlands	2/-	5 9 1/2	5 10 1/2	17 18	11 2
18 10 1/2	17 9	...	...	London Asiatic	2/-	6 0 1/2	6 0 1/2	15 00	2
68 9	50 6	4 a	10 b	United Sui Berong	10/-	84/-	85 6	11 70	10 1
MISCELLANEOUS									
34 1/2	17 1/2	10 c	10 c	Assoc. British Picture	5/-	49 6	49 3	6 09	2 1/2
15 1/2	7 3/4	10 c	10 c	Assoc. Television 'A'	5/-	31 11 1/2	30 10 1/2	9 72	13 1/2
74/-	55/-	4	8 b	Beecham Group	5/-	49 8 1/2	49 1/2	3 06	1 1/2
15 1/2	11 1/9	147 1/2 b	12 1/2 a	British Match	10/-	38/-	36 1/2	5 48	2
19 1/2	12 10 1/2	2 1/2 a	10 b	British Oxygen	5/-	18 3	18 9	2 84	2 1/2
107 1/2	68 1/2	5 a	10 1/2 b	British Ropes	2 1/2	8 9	8 10 1/2	5 63	2 1/2
35 1/2	25 1/2	9 b	5 a	De La Rue	10/-	51 3	53/-	4 25	2
14 10 1/2	10 1/2	1 1/2 b	7 1/2 b	Gartner	6/-	35 1/2	35 1/2	4 51	2 1/2
55 1/2	43 1/2	9 b	3 b	Glaxo	10/-	56 6	59 6	12 32*	3 1/2
20 10 1/2	15 10 1/2	5 a	9 b	Harrisons & Cr. Delf.	10/-	48 9	48 9	6 15	2 1/2
73 1/2	62 1/2	12 1/2 c	11 1/2 a	Hoover 'A'	5/-	39 1/2	41 3	5 45	2 1/2
51 1/2	40 1/2	5 a	15 b	Ilford	5/-	21 1/2	21 1/2	4 12	2
71 1/2	65 3/4	14 b	8 1/2 a	I.C.T.	10/-	93 3	92/-	2 44	2 1/2
SHIPPING									
15 1/2	11 1/2	155 b	150 a	National Canning	10/-	56 3/4	50/-	5 00	2 1/2
86 3/4	61 3/4	20 c	25 b	Powell Duffryn	10/-	35 9	35 9	3 79	2 1/2
32	17 1/2	141 17 c	141 17 c	Radio Rentals	5/-	25 7 1/2	26 1 1/2	3 83	3
176 1/2	103 1/2	20 c	40 b	Rank Organisation	5/-	25/-	25 1/2	4 50	2 1/2
60 1/2	42 7/2	35 a	40 b	Schweppes	5/-	34 4 1/2	35/-	3 43	1 1/2
39 1/2	23 1/2	80 a	110 b	Sears 'A'	5/-	31 10 1/2	33/-	3 79	2 1/2
146 1/2	100/-	8 1/2 a	11 1/2 b	Thomas Tilling	4/-	23 9	25 1 1/2	3 18	2
272 1/2	156 3/4	170 b	120 a	Turner & Newall	10/-	62 9	63 3	3 79	2 1/2
29	18	118 13 1/2	120 8 1/2	Unilever	10/-	141 9	143 3	3 43	3 1/2
182 1/2	140 9	50 a	50 b	Unilever N.V.	12 1/2 fl.	8 1/2	8 1/2	2 82	3 1/2
129 1/2	104 6	7 1/2 a	11 1/2 b	United Glass	5/-	17 6	17 6	4 29	2 1/2
				United Molasses	10/-	31 1/2	31 7 1/2	7 74	1
STEEL									
18 1/2	13 6 1/2	12 1/2 b	7 1/2 a	Brit. & Com'wealth	10/-	37 9	36 9	5 44	2
86 3/4	66 11 1/2	20 c	20 c	Cunard	10/-	13 9	14 6	8 28	1 1/2
48 6	41 10 1/2	2 1/2 a	8 1/2 b	Deutsche Linienges.	10/-	21 1/2	21 1/2	6 67	2 1/2
10 1/2	6 8 1/2	12 c	12 c	Furness Withy	10/-	37 9	37 9	3 1	1 1/2
88 9	52 3 1/2	15 b	7 1/2 a	London & Overseas	5/-	11 9	11 3	7 78	...
125 1/2	73 9	100 b	100 b	P & O Delf.	10/-	38 11 1/2	36 7 1/2	6 01	1
18 6	14/-	3 1/2 a	9 b	Readson Smith	10/-	13 7 1/2	13 4 1/2	1 87	...
33 3	28 11 1/2	10 a	5 b	Royal Mail	10/-	14 1 1/2	14 1 1/2	7 08	...
41 3	31 9	14 a	15 1/2 b	Colvilles	10/-	55 7 1/2	55 7 1/2	5 75	4 1/2
28 10 1/2	21 6	3 1/2 a	12 1/2 b	Dorman Long	10/-	30 4 1/2	30 4 1/2	6 58	2 1/2
72 1/2	52 1/2	11 1/2 a	2 1/2 a	Lancashire Steel	10/-	32 9	32 6	6 77	2 1/2
33 3	19 9	9 a	21 b	Newcastle Steel	10/-	30 4 1/2	29 6	8 14	2
46 3	30 1/2	15 c	12 1/2 c	Steel Co. of Wales	10/-	37 7 1/2	37 1 1/2	6 73	2 1/2
TEXTILES									
168 9	110/-	40 a	50 b	Stewarts & Lloyds	10/-	44 7 1/2	43 7 1/2	6 96	3 1/2
67 3	43/-	18 1/2 b	6 1/2 a	John Summers	10/-	44 1/2	43 7 1/2	6 92	3 1/2
108 9	72 6 1/2	15 a	20 b	United Steel	10/-	43/-	42 1 1/2	5 84*	2
68 6	40/-	40 a	120 b	Whitehead	10/-	47 6	46 3	6 49	3 1/2
25 3	15 3	10 c	40 b	English Sewing Cotton	10/-	28 7 1/2	29 1 1/2	8 58	1 1/2
125 1/2	73 9	100 b	100 b	Fine Spinners	10/-	23 7 1/2	23 1 1/2	12 97	2
54 3	37 6	25 a	25 b	Lancashire Cotton	10/-	56 1 1/2	54 10 1/2	9 11	1 1/2
64 6	41 10 1/2	60 b	50 a	Courtaulds	10/-	33 3	34 3	5 84	1 1/2
157 6	101 3								

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

Prices and Wages

OVERSEAS												
Western Europe..... Aug. 12th United States..... Aug. 26th												
	Unit	1958	1959	1960	1960			1961				
		mid-June			Aug. 23	Aug. 30	Sept. 6	Aug. 8	Aug. 15	Aug. 22	Aug. 29	Sept. 5
WORLD PRICES												
Commodity Price Indicator ⁽¹⁾ :												
All items	1958=100	99.7	96.8	98.3	95.9	95.8	96.0	93.4	93.5	93.6	93.7	93.3
Food	"	100.0	95.8	93.0	95.0	95.0	95.2	89.8	90.1	90.0	90.1	89.4
Fibres	"	104.2	95.3	98.7	93.8	94.0	93.8	103.7	103.5	102.8	103.3	102.9
Metals	"	101.2	113.0	122.4	118.6	116.9	116.0	114.2	114.3	114.9	115.9	116.3
BRITISH WHOLESALE PRICES												
Materials used in:												
All manufacturing industries	1954=100	100.8	101.7	101.8	102.5	102.3	101.6	100.9	101.5	101.5	100.8	100.6
Mechanical engineering	"	123.5	124.5	126.2	126.7	126.7	126.9	127.7	127.8	128.4	128.3	128.4
Electrical machinery	"	114.5	115.6	116.9	117.0	117.0	117.4	117.3	117.5	118.5	118.7	118.8
Building and civil engineering	"	114.2	113.4	115.1	114.7	115.0	115.2	117.3	117.4	117.8	118.0	118.3
House building	"	111.9	111.0	114.0	113.3	113.9	114.2	117.2	117.3	117.6	117.8	118.0
Products of:												
All manufacturing industries	"	111.1	111.5	113.0	113.0	113.2	113.4	115.1	115.2	115.5	115.7	115.9
Chemicals and allied trades	"	105.6	106.6	106.0	106.5	106.2	106.0	105.4	105.4	105.5	105.2	105.2
Iron and steel	"	129.9	129.0	128.5	128.3	128.3	128.7	128.9	128.9	129.0	129.4	130.0
Textile industry	"	97.9	96.0	100.8	100.7	100.8	100.7	104.4	104.3	104.6	104.2	104.2
Food manufacturing	"	104.9	106.9	106.9	106.4	106.6	107.2	106.4	107.1	107.6	107.4	107.2
Commodities:												
Cotton, raw (?)	"	76.8	68.6	75.0	75.3	76.1	75.3	75.9	75.5	75.0	74.9	74.3
Wool, raw	"	72.4	76.6	76.3	79.3	78.9	76.0	74.4	78.3	80.5	79.4	76.6
Rubber, No. 1 RSS, one month future	"	118.2	148.1	158.0	182.1	180.4	161.1	125.1	128.4	131.1	124.2	123.4
Softwood, imported	"	102.1	95.4	104.9	103.7	106.6	106.9	107.5	107.3	107.3	107.6	107.6
Copper, ex-warehouse	"	79.4	95.6	99.0	99.9	100.9	102.4	90.6	92.2	97.5	95.1	92.4
UK RETAIL PRICES												
All items ⁽¹⁾	Jan. 17, 1956=100	109.0	109.6	110.7	110.3	110.9	111.1	112.7	113.3	113.6	114.6	114.6
Food	"	107.1	108.2	107.4	107.3	108.9	108.8	107.4	108.0	109.5	111.4	110.7
All items	1938=100	271	273	276	275	276	277	281	282	283	285	285
Food	"	282	285	282	282	286	286	282	284	288	293	291
Housing	"	172	180	186	186	186	186	190	193	194	194	195
Clothing	"	269	268	271	271	271	271	275	275	275	275	276
Fuel and light	"	281	284	291	279	279	279	313	313	300	302	302
Household durable goods	"	307	300	300	298	298	301	303	304	304	305	305
Drink	"	276	261	256	256	256	256	257	257	257	258	265
Tobacco	"	428	428	444	449	449	449	449	449	449	454	455
Purchasing power of £ (based on all consumer spending)												
	1938=100	35.9	35.7	35.4	35.6	35.4	35.4	34.8	34.6	34.5	34.2	34.2
UK TERMS OF TRADE												
Import prices:												
All items	1954=100	99	98	99	99	98	98	97	98	99	98	97
Food, drink and tobacco	"	97	98	97	95	95	95	95	96	96	95	92
Basic materials	"	96	93	96	98	98	97	94	95	97	96	97
Fuels	"	112	104	98	100	97	97	96	97	96	95	96
Manufactured goods	"	101	104	107	108	106	108	107	108	109	108	107
Export prices:												
All items	"	110	109	111	111	111	111	112	112	112	112	112
All manufactures	"	111	111	114	113	113	114	115	115	115	115	115
Metals	"	118	115	118	119	118	120	118	118	117	116	118
Engineering products	"	115	117	120	120	121	119	121	121	120	121	121
Textiles (excluding clothing)	"	101	98	102	102	101	103	106	107	107	108	105
Terms of trade:												
Ratio of import to export prices	"	90	90	89	89	88	88	87	88	88	88	86
SHIPPING FREIGHTS ⁽²⁾												
Tramp shipping freights	1960=100	90.4	96.9	100.0	102.8	95.6	91.3	103.2	106.9	111.3	108.7	105.8
UK WAGES												
Weekly wage rates:												
All workers ⁽³⁾	Jan. 31, 1956=100	114.0	117.0	120.0	119.9	119.9	120.1	123.9	124.2	124.5	125.0	125.1
Men	"	113.8	116.8	119.7	119.6	119.6	119.7	123.6	123.9	124.2	124.5	124.6
Women	"	114.0	117.0	120.8	120.7	120.7	121.0	124.0	124.2	124.8	125.6	125.8
Juveniles ⁽⁴⁾	"	115.8	119.0	123.2	122.0	122.0	124.3	129.0	129.2	129.8	130.6	130.7
All workers	Sept., 1939=100	296	304	317	311	311	312	322	323	324	325	325
Weekly earnings ⁽⁵⁾ :												
Men	s. d.	256 8	271 1	290 8	282 1 ⁹	...	...	...	301 4	...	...	...
Women (full time)	"	134 1	140 11	148 4	145 0 ⁹	...	...	...	152 7	...	...	...
Youths ⁽⁴⁾	"	112 0	117 6	130 0	123 1 ⁹	...	...	...	135 9	...	...	...
Girls ⁽⁴⁾	"	86 9	90 10	96 10	93 1 ⁹	...	...	...	99 11	...	...	...
Men	Oct., 1938=100	372	393	421	409 ⁹	...	...	...	437	...	...	...
Women (full time)	"	412	432	456	446 ⁹	...	...	...	470	...	...	...

(1) For a rough conversion to basis of June, 1947, multiply throughout by 1.534. (2) The interim index of retail prices has been linked back to 1938 with the aid of calculations made by Professor R. G. D. Allen for the London and Cambridge Economic Service. (3) For a rough conversion to basis of June, 1947, multiply throughout by 1.561. (4) In general males under 21 and females under 18 years of age. (5) Surveys made twice a year; annual figures relate to October survey. (6) Index revised and based on 1958=100 (see The Economist, January 7, 1961, page 59). (7) Revised series. (8) The series has been revised by the Chamber of Shipping to reflect a more up-to-date pattern of tramp shipping movements and uses the average freights in 1960 as the basis of comparison; 1958 and 1959 figures on the old basis of 1952=100 have been linked to 1960=100 by multiplying by 1.348, freights in 1960 being considerably lower than they were in 1952. (9) April, 1960.

APPOINTMENTS

Union Carbide Europa S.A.

Genf



bietet einem energischen Herrn zwischen 28-35 Jahren sehr gute Aufstiegsmöglichkeiten mit Wohnsitz in Genf auf dem Gebiete der

INDUSTRIELLEN MARKTFORSCHUNG

Der Bewerber sollte eine abgeschlossene Hochschul-ausbildung als Volkswirtschaftler, Physiker, Chemiker oder dergleichen haben. Einige Jahre Erfahrung im industriellen Verkauf oder in der Marktforschung sind erwünscht. Darüber hinaus muss der Bewerber ausserordentlich gute Kenntnisse der englischen und deutschen, sowie gute Grundkenntnisse der französischen Sprache aufweisen. Bewerbungen in englischer Sprache mit Angaben über Ausbildung und Erfahrung, etc., sind erbeten an Personnel Manager, Union Carbide Limited, 8 Grafton Street, London, W.1.

Younger Executive & Technical Appointments Division



have been retained to advise on this appointment.

ASSISTANT TO EUROPEAN AREA MANAGER

who will manage the small London office (5 staff) of a large U.S. company (turnover approximately \$150 million) with business interests in Great Britain and on the continent. This office, which is registered as a limited company, imports processed natural products for direct sale or use as intermediates by associated companies; exports finished products; and acts as a co-ordinating centre for information concerning the European associates and subsidiaries of the U.S. company.

Candidates should have controlled a small sales office and have experience of sales correspondence, import and export documentation; they should be able to interpret statistical returns and accounts; and they should welcome the possibility of promotion to a position on the continent or in the U.S.A. Preferred age 28 to 38. Initial salary £1,500 to £2,000. Please write briefly to T. E. Watson stating age and relevant experience and mentioning reference 5.4635.

No candidate's identity will be disclosed without his permission.

MANAGEMENT SELECTION LIMITED

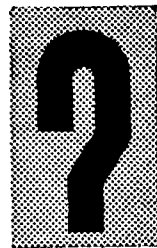
17 Stratton Street, London, W.1

SUBSCRIPTIONS TO THE ECONOMIST

Annual Postal Subscription by ordinary mail UK and Canada £4. 10; elsewhere overseas £5 By air see below

		Air Freight				Air Freight				Air Freight	
Australia	£10 6s.	—	—	Egypt	£7 15s.	—	—	Israel	£7 15s.	—	—
Canada	—	—	—	Europe	£6 0s.	—	—	Japan	£10 6s.	—	—
Quebec and Ontario	—	—	—	Ghana	£6 0s.	—	—	Jordan	£7 15s.	—	—
Provinces	—	£8 5s.	—	Gibraltar, Malta	£5 0s.	—	—	Lebanon	£7 15s.	—	—
Other Provinces	—	£9 0s.	—	Hongkong	—	£8 15s.	—	Malaya	£9 0s.	—	—
Ceylon	£9 0s.	£7 5s.	—	India	£9 0s.	£7 15s.	—	New Zealand	£10 6s.	—	—
China	£10 6s.	—	—	Indonesia	£9 0s.	—	—	Nigeria	£9 0s.	£6 10s.	—
East Africa	£9 0s.	£7 10s.	—	Iran & Iraq	£7 15s.	—	—	Pakistan	£9 0s.	—	—

NOTES: Air Freight is normally 24/48 hours slower than air-mail. Proportionate Rates are acceptable for subscriptions for less than a year (minimum four weeks). H.M. Forces at official rates. Subscriptions in Europe at and airmail rates for Gibraltar and Malta are as shown above. SOME PRINCIPAL OVERSEAS SUBSCRIPTION AGENTS: AUSTRALIA: John Hinton & Co., 50 Miller Street, Sydney, New South Wales. BELGIUM: W. H. Smith & Son, 71 Boulevard Adolphe Max, Brussels. BRAZIL: J. de Croze, Rua Mexico 70, 81110, Rio de Janeiro. CANADA: Wm. Dawson Subscription Service, 587 Mount Pleasant Road, Toronto 7, Ontario. CEYLON: The Lake House Bookshop, 100 Parsons Road, Fort, Colombo. DENMARK: Ejnar Munksgaard, 6 Norregade, Copenhagen K. EGYPT: G. Avatis, 8 Ibrahim El Lakani, Helipolis. GREECE: Akateeminen Kirjakauppa, 2 Koskuskato, Helsinki. FRANCE: W. H. Smith & Son, 248 Rue de Rivoli, Paris. GERMANY: W. E. Saarbach, Gertrudenstrasse 36, Köln 1. H. E. Braumüller, Karlstrasse 34, Hamburg 22. GHANA: Travel Service Ltd., P.O. Box 401, Accra. GREECE: Librairie Kaufmann, 28 Rue du Stade, Athens. HOLLAND: Van Gelderen Hoofdkantoor, N.Z. Voorburgwal, 142, Amsterdam-C. HONGKONG: The Advertising & Publicity Bureau Ltd., 701-706 Marina House. INDIA: Patika Syndicate Private Ltd., Gole Market, New Delhi 1, or 12/1A Lindsay Street, Calcutta 16. IRAN: Iranian Amalgamated Distribution Agency, Avenue Shah, 62 Yagh



Canadian Methods

- We know the difference

Things are done differently in Canada. So many factors, such as the geography and economy, have a great bearing on the way things are done in this rich, booming country.

Knowing Canada and the Canadian method is our business. We've been an integral part of Canada for over 100 years. With 570 branches across the country, we can supply you with vital, up-to-the-minute information about Canadian trends, habits and conditions ... information that could save you costly mistakes.

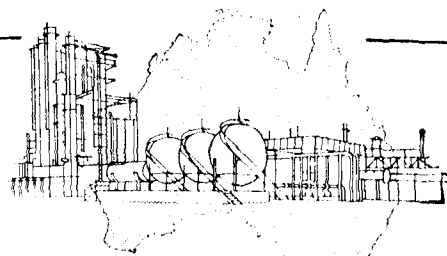
FREE BOOKLET

"The Bank That Knows Canadian Business" is a booklet describing the complete facilities of "The Bank" in Canada. It also contains facts and growth predictions pertaining to Canada's future. For your copy, write or call our Business Development Representative, Mr. W. H. Broening, 3 King William Street, London, E.C.4.

THE TORONTO-DOMINION BANK

LONDON: 3 King William Street, E.C.4 • 103 Mount Street, W.1
CHICAGO: 30 West Monroe Street • NEW YORK AGENCY: 45 Wall Street, N.Y. 5
570 Branches from Coast to Coast in Canada. Correspondents All Around the World. Incorporated in Canada With Limited Liability.

AUSTRALIA



for opportunity and progress

Many world-famous firms have quickly and successfully established themselves in Australia — striking proof of the country's tremendous potential.

Should you be contemplating Australia as the next step in the expansion of your business, please contact us, where a special Information Department is maintained to provide complete answers to your enquiries.

A free copy of our specially prepared booklet on this subject "Australia — A Guide for New Companies" is available on request.

Please write, call or telephone



THE NATIONAL BANK OF AUSTRALASIA LTD

(Incorporated in Victoria)

Chief London Office: 6-8 Tokenhouse Yard, EC2 • Tel: MO Narch 8070

An insurance service...

may be summarised in a few words

- Expert advice on all insurance problems
- Prompt and courteous attention
- Fair and generous claims settlements

For more than a century our service has been based on these maxims and if YOU have need of a first-class insurance service why not consult us.



ALLIANCE ASSURANCE COMPANY LIMITED

BARTHOLOMEW LANE • LONDON • EC2

Ever Growing with its Customers

Since  1873

THE DAI-ICHI BANK, LTD.

Tokyo, Japan
branch net-work throughout the country

For your information

"Dai-ichi" means First in everything in Japanese, so this bank is first in establishment and is the first and the best banking friend of yours in your trade with Japan.

You will be assured of the most reliable sources of business information on this country as well as satisfactory banking services.

Overseas facilities

New York Agency: 37 Wall St., New York 5, N.Y.
Chicago Office : 38 South Dearborn St., Chicago
London Office : 1 Royal Exchange Ave., London

NEW ZEALAND



A CENTURY OF BANKING SERVICE

The experience and knowledge gained during 100 years of close association with every phase of commercial life in New Zealand enable us to place at the disposal of all who are interested in the Dominion a first-class and up-to-date banking and information service.

Enquiries are welcomed by our London Office and by the Trade and Information Section of the Overseas Department at Head Office.

BANK OF NEW ZEALAND

(Incorporated with limited liability in New Zealand in 1861)

LONDON MAIN OFFICE:

1 QUEEN VICTORIA STREET, EC4

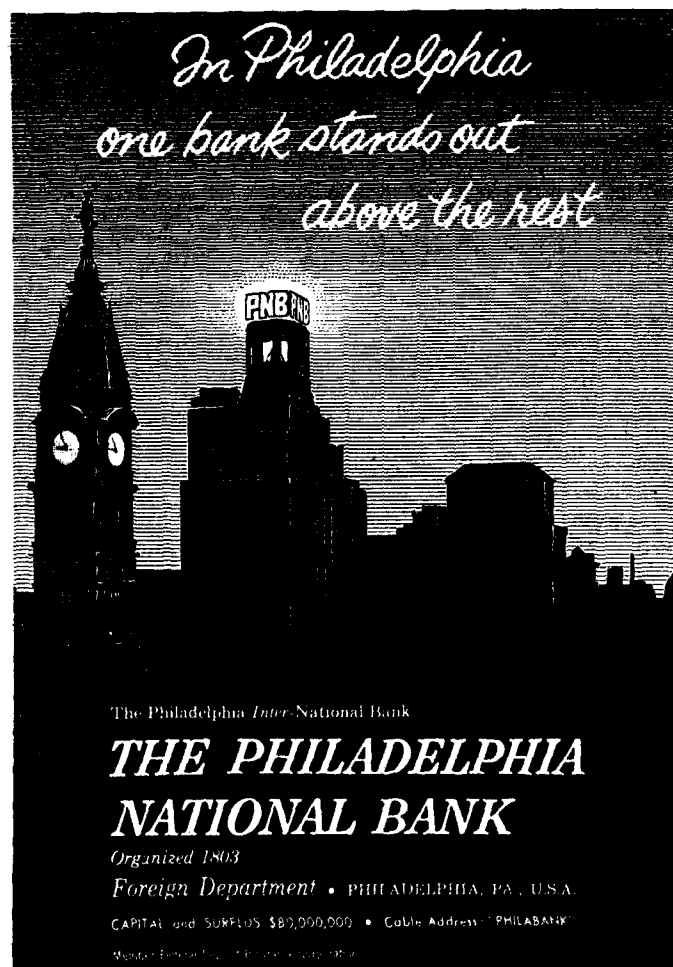
A. R. Frethey, Manager A. E. Abel, Assistant Manager

PICCADILLY CIRCUS OFFICE: 54 REGENT STREET, W1

HEAD OFFICE: WELLINGTON, NEW ZEALAND

Over 380 Branches and Agencies

In Philadelphia
one bank stands out
above the rest



The Philadelphia Inter-National Bank

THE PHILADELPHIA NATIONAL BANK

Organized 1803

Foreign Department • PHILADELPHIA, PA., U.S.A.

CAPITAL and SURPLUS \$82,000,000 • Cable Address: "PHILABANK"

Member Bankers' Association, Philadelphia, 1959

352 PAGES OF VALUE TO EVERY INVESTOR!

Whether you are a City tycoon or a novice investor, the Daily Mail Investor's Guide can help you. This fact-packed book of 352 pages gives Stock Exchange Commissions, Transfers, Stamp Duties and articles on Finding a Broker, How to Read a Balance Sheet, Unit Trusts, etc. It explains Stock Exchange Terms, Dividends, Yields, "XD" and "Rights" and other subjects. It shows detailed company records of the 440 firms comprising the Daily Mail Share Index, including the profits or losses of each firm since 1954 and the rise or fall in their share values over the last 10 years.

DAILY MAIL INVESTOR'S GUIDE 1961/62 EDITION

PRICE 15/-

from your book-seller or direct by post from:
Daily Mail Publications, Northcliffe Hse., London, E.C.4



3 3/4%

From 1st October the
Burnley Building Society
interest rate on shares
goes up to 3 3/4%

Income Tax paid by the Society, equivalent to £h.2 5/-
at the standard rate of tax. Shares and Deposits in
this Society are Trustee Investments.
Assets exceed £66,000,000. Reserves exceed £2,700,000.
Member of the Building Societies Association.

HEAD OFFICE Burnley • LONDON OFFICE 120 Kingsway WC2

money is A SOURCE OF INNOCENT MERRIMENT

We can scarcely think of a more agreeable sentiment, but it's also true that money can be the source of more money—which is why people invest and why we're in business.

Investing in the Japanese market is an easy way to put your money to work reproducing itself. To find out where in Japan it will work hardest, you need facts and figures, and that's where Yamaichi comes in.

Besides our regular weekly and monthly publications, industry-wide surveys, and other English-language pamphlets and brochures, Yamaichi puts out a continuing series of Special Reports on leading individual corporations. They give in concise form the major activities, plans, production, sales, and profit records, and other detailed data the wise investor wants to know.

If your money means more to you than innocent merriment, you will do well to consider taking a stake in Japan's booming economy. Yamaichi is waiting to help you.

YAMAICHI SECURITIES CO., LTD.

Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo

New York Affiliate:

YAMAICHI SECURITIES CO. OF NEW YORK, INC.

111 Broadway, New York 6, N.Y.
1123 Bethel Street, Honolulu, Hawaii

THE ECONOMIST SEPTEMBER 9, 1961

South America

Business contacts

Established in South America for over 45 years, this bank can assist you in developing desirable trade contacts in this area. Branches serve 27 Central and South American Centres.

London Offices:
6 Lothbury, E.C.2
2 Cockspur St., S.W.1

THE ROYAL BANK OF CANADA

Incorporated with limited liability in Canada in 1869

Over 1,000 branches in Canada, the Caribbean area and South America.

ASSETS EXCEED \$4,000,000,000

ASANO CEMENT



NIPPON CEMENT CO. LTD.

HEAD OFFICE:
Ohtemachi Bldg., Chiyoda-ku, Tokyo
Cable Address: "ASANOCEMEN"

THE ECONOMIST SEPTEMBER 9, 1961

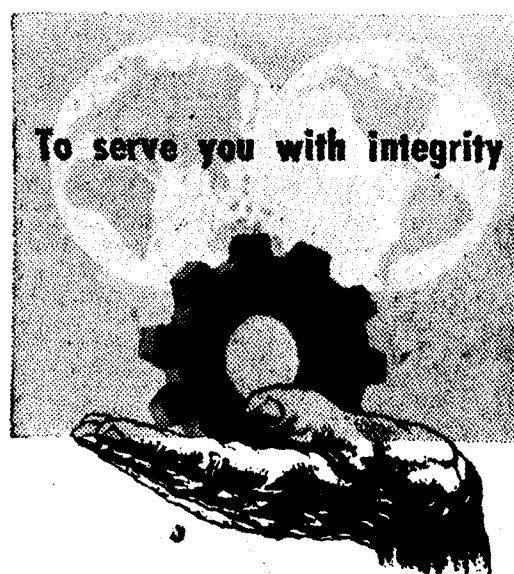
LINE OF LEAST RESISTANCE FENNER-DODGE BEARINGS



ARE ROBUST YET
COMPACT AND
WILL GIVE LONG
SERVICE IN
ARDUOUS
CONDITIONS

Send for leaflet 251/19 (Series E) 252/20 (Series SC) or 253/20 (Journal) Bearings

J · H · FENNER & CO · LTD · HULL
LARGEST MAKERS OF V-BELT DRIVES IN THE COMMONWEALTH



To serve you with integrity

As one of the leading banks in Japan, the Bank of Kobe has played a vital part in the commercial and industrial expansion of Japan.

Whatever your banking needs, the Bank of Kobe will serve you with courtesy, efficiency and integrity.

The BANK of KOBE, Ltd.

Head Office: Kobe, Japan 146 Branches throughout Japan
Representative Offices: London New York

INCREASED INTEREST RATES*

... an added encouragement to
Investors and Regular Savers

SAVINGS ACCOUNTS

(including 1% bonus for regular subscriptions)

4 ¹/₄ %
PER ANNUM

SHARE ACCOUNTS

3 ³/₄ %
PER ANNUM

* INCOME TAX ON ALL INTEREST PAID BY THE SOCIETY
Send for full details & Savings Brochure: Ref. R.6

TEMPERANCE PERMANENT BUILDING SOCIETY

(Member of the Building Societies Association)

223-227 REGENT STREET, LONDON, W.1

Telephone: REGent 7282

Branches throughout the Country

COMMONWEALTH TRADING BANK OF AUSTRALIA

For all
domestic and
foreign business

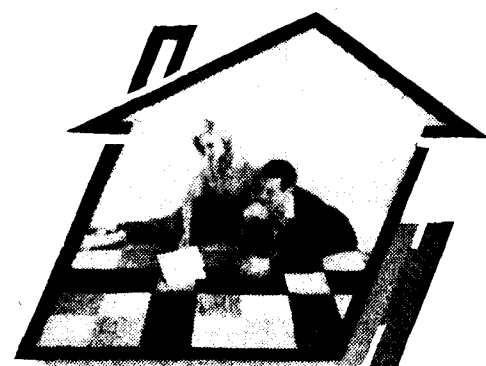
Branches and Agencies throughout Australia, Territory of Papua and New Guinea and British Solomon Islands. Agents throughout the world.

HEAD OFFICE: SYDNEY, AUSTRALIA

LONDON OFFICES: 6 OLD JEWRY, E.C.2.
AND AT AUSTRALIA HOUSE, STRAND, W.C.2. (TRADING BANK)
AND BUSH HOUSE, ALDWYCH, W.C.2. (SAVINGS BANK)

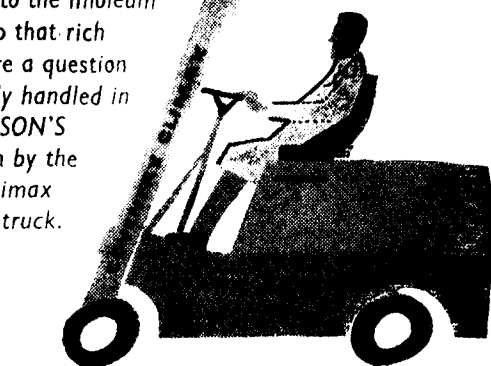


Coventry Climax fork lift trucks handling raw material (left) and boxed tiles (above) in the warehouse at JAS. WILLIAMSON'S, Lancaster, one of the oldest and leading British manufacturers of linoleum and related products.



We lift 'em . . . you lay 'em

Floor planning with gay new lino tiles is fun . . . but to the linoleum manufacturer keeping up that rich selection in the shops it's more a question of tonnage . . . smoothly handled in this example from WILLIAMSON'S Lancaster factory—again by the ever ready Coventry Climax Universal fork lift truck.



Coventry Climax

'UNIVERSAL' FORK LIFT TRUCKS

COVENTRY CLIMAX ENGINES LIMITED (DEPT. E) COVENTRY

The Economist

SEPTEMBER 16, 1961

FOUNDED 1843

One Shilling and Sixpence

With the Compliments of

THE GOVERNMENT SERVICES (INDIA)
The Chief of Mission High Commission,
1, AMBENT STREET, MADRAS-1.



The Pentagon Prepares
Mr Dillon's Brief for Vienna

Britain's
Economic
Problem

The first of two articles by Sir Robert Hall, who was Chief Economic Adviser to the Government until his retirement this year



Coal is well worth its salt -to Cerebos

"COMMON" is an unkind word when applied to salt. This amazing mineral, essential to life itself, deserves an adjective as noble as its many virtues. It serves many vital purposes in industry, but its major duty lies in the home. Here Cerebos Table Salt, refined to a dazzling white purity, conjures from even the most insipid dish a mouth-watering flavour, adds a sharper delight to even the spiciest food. A meal without Cerebos salt might nourish the body, but it would certainly never delight the palate.

The men who make the big decisions at Cerebos—controlling company of the majority of domestic salt-processing firms in Britain—choose coal to heat their giant boilers. They choose coal because coal gives them the maximum heat for the minimum cost; because coal, mechanically stoked, is smokeless, and because coal, the home produced fuel, is reliable. Our coalfields can supply all the needs of British industry for generations to come.

When it is your duty to make decisions about fuel, remember Cerebos. They've proved that coal is well worth its salt. Follow their example—and you'll get the same palatable proof.

*Some key facts and figures about the boilerhouse at
Middlewich, Cheshire and Greatham, West Hartlepool*

Boilers:	 8 water tube
Method of firing:	 Chain grate stokers
Steam pressure:	 180 and 160 p.s.i. respectively
Steam temperature:	 490° F. and 450° F. respectively
Max. continuous rating:	 110,000 and 73,000 lbs. of steam per hour respectively
Annual fuel consumption:	 39,000 tons of coal

SOLID FUEL—
more heat at less cost—and it's British
PROGRESSIVE INDUSTRY
IS GOING FORWARD ON
COAL

ISSUED BY THE NATIONAL COAL BOARD

SECOND CLASS POSTAGE FOR THE ECONOMIST PAID AT NEW YORK, N.Y.
Published weekly every Saturday, fifty-two times a year in London, England.

In The Economist this Week September 16, 1961

INTERNATIONAL

The Line to Moscow

One side of an imaginary telephone conversation on a private line between the White House and the Kremlin. Mr Kennedy's task should be to make clear to Mr Khrushchev which are the vital interests in Berlin that the West cannot give up, at any price, and which are the marginal ones that it might, for a consideration (p. 1039).

In eastern Europe, particularly in Poland, there are fears of war (p. 1048), as there are in the West. But the anxiety for negotiations in both East and West has still to overcome the desire of each side not to make the first move—and the reluctance of President de Gaulle (p. 1047). This is related to his internal struggle to control the French armed forces (p. 1066).

The west German election campaign has come to life since August 13th. A theme to be detected in all parties is that Dr Adenauer may not remain chancellor for long after the elections (p. 1065).

Two Kinds of Neutral

The Belgrade neutrals have a chance to turn their wish for peace to practical account when the United Nations Assembly meets next week. The West should align itself with their desire for a strong and unaligned UN (p. 1043).

By conceding the French contention that Bizerta cannot be handed over while the Berlin crisis lasts, M. Bourguiba has resurrected his own unique brand of pro-western neutralism (p. 1049).

Two Kinds of Peacemaker

Time will show whether the UN's coup in the Katanga contributes to the stability of the Congo, or the reverse; the means employed by the peacemakers have been a shock (p. 1047).

The formation of an Arab force to take over from the British in Kuwait is a triumph for the Arab League, but it is too early to regard the future of the Sheikdom as settled (p. 1068).

Africa: Pride and Prejudice

Ghana's constant assertions of the black man's dignity show an unnecessary lack of self-confidence (p. 1050).

The success of the Uganda constitutional conference will depend on a deal with the proud Baganda (p. 1068).

The British Government has agreed to talk once more on Northern Rhodesia's constitution, to Sir Roy Welensky's fury. It would be a pity if Africans attributed this success to violence instead of to Mr Kaunda's patient leadership (p. 1049).

America: Arms and Argument

What sort of war is the present military build-up of the United States preparing for (p. 1073).

The victory of Mayor Wagner in New York is also a victory for President Kennedy (p. 1074).

Local issues in the automobile industry are delaying final signature of a wage settlement, which is nevertheless a triumph for Mr Reuther (p. 1074).

While bank mergers are in a muddle (p. 1081), book mergers have put the publishing industry on a sounder basis (p. 1082).

The Treasury's latest refunding has several unusual features (p. 1077).

HOME

ILLS

Wasting Sickness

In the first of two articles Sir Robert Hall (lately Economic Adviser to the British Government) analyses Britain's recurring economic predicaments (p. 1041).

The chronic economic problems of the Isle of Man practically defy constructive analysis (p. 1045).

Growing Pains

America is prepared to bargain hard in Vienna for moderate improvements to the International Monetary Fund (p. 1085).

Investment trusts are tackling difficulties in their attempts to extend their appeal to smaller savers (p. 1086).

Headaches

Some of Mr Cousins's men drive fuel tankers: their striking could cause much national pain (p. 1047).

Teachers' unprofessional—indeed frankly amateur—plans for "industrial" action may hurt them more than the Government (p. 1050).

Supersonic aircraft could cause more discomfort than is realised (p. 1098).

CURES

Placebos

Mr Hare's specific for the ailments of trade unions seem to depend on Mr Woodcock's writing a prescription (p. 1048).

The snap election in Ireland seems to be about nothing in particular (p. 1062).

Pills

The hasty incarceration of Lord Russell and his co-sedentarians may do the cause of law and order more harm than good (p. 1048).

Under some more palatable sugar, another Labour idea about town and country planning contains the same old core of freehold nationalisation (p. 1053).

Physicks

Vauxhall's new Victor should recapture some of the ground lost by the old one (p. 1094).

Does more mechanisation in the mines mean a smaller chance of an increase in coal prices? (p. 1089).

Detailed contents on page 1039

BRISTOL/FERRANTI

BLOODHOUND MARK 2

**CHOSEN BY SWEDEN AND SWITZERLAND
ENTIRELY ON TECHNICAL MERIT**

In open competition with the best weapon systems available in the West, and strictly on technical and operational merit, the Bristol Ferranti Bloodhound Mark 2 has been chosen by Sweden and Switzerland. This powerful, accurate and air-transportable weapon system has also been ordered by the Royal Air Force as the basis of Britain's anti-aircraft defence.

Bloodhound Mark 2 is a second-generation missile system and is the logical development from Bloodhound Mark 1.

Bloodhound Mark 2 has:

- Long range
- High and low altitude coverage
- Extended performance in all aspects of anti-aircraft defence.
- Latest anti-jamming techniques and C.W. Radars.

Bloodhound system management by Bristol Aircraft Ltd. Radars and electronics by A.E.I. Ltd. and Ferranti Ltd.

BRISTOL/FERRANTI

BLOODHOUND

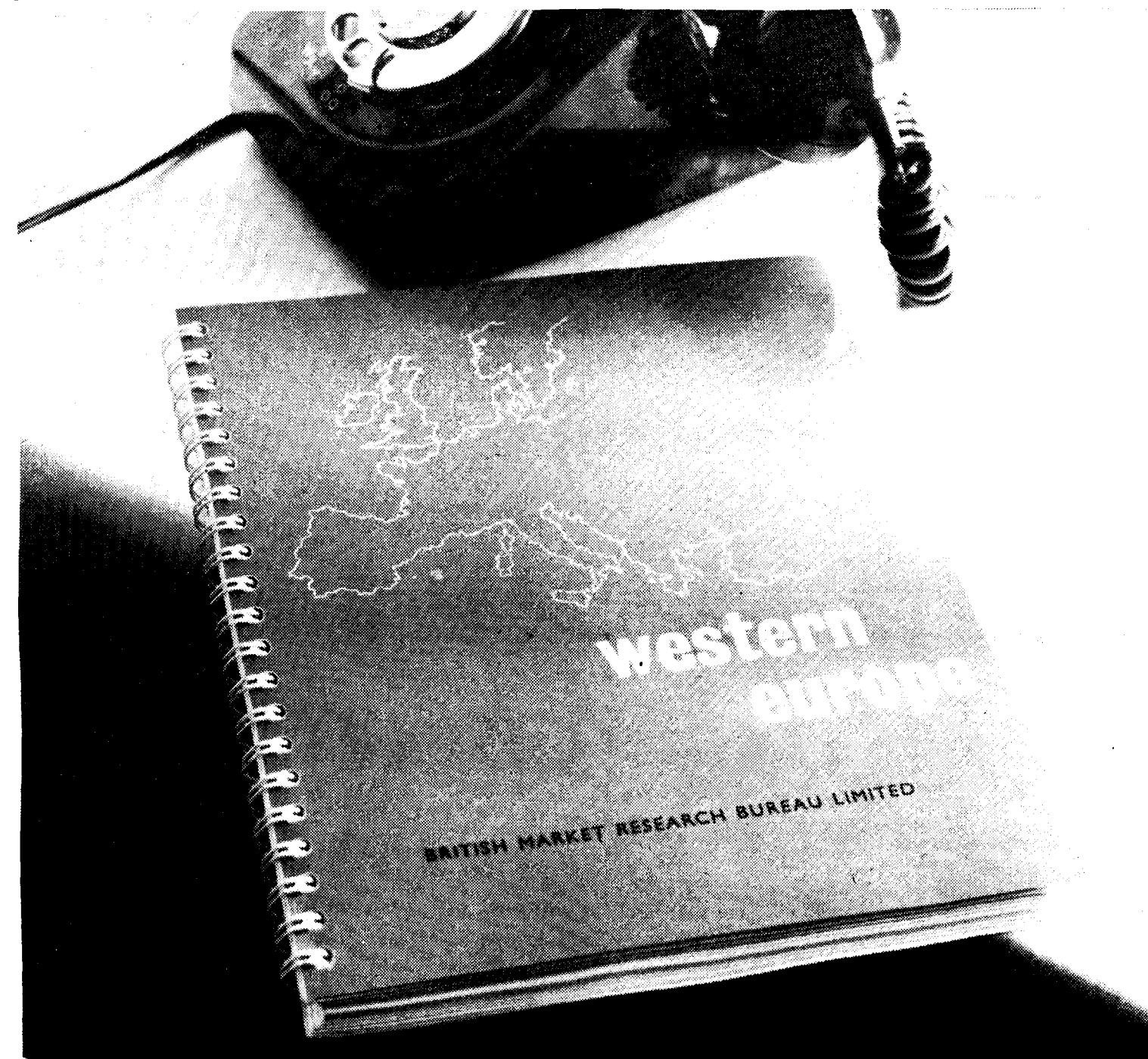
MARK 2



BRISTOL AIRCRAFT LTD FILTON HOUSE BRISTOL A Company of

BRITISH AIRCRAFT CORPORATION

ONE HUNDRED PALL MALL LONDON SW1



J. Walter Thompson announces the publication of *Western Europe* — a digest of marketing statistics

This digest has been prepared by the British Market Research Bureau, an associate company of J. Walter Thompson.

Most of the statistics in this volume have been collected from published sources; others have been supplied by JWT offices and associated offices throughout Western Europe.

This is the first time that this digest has been made generally available. Previous editions (the first appeared in 1954) have been circulated only to clients of JWT and BMRB.

Western Europe includes all European countries outside the Iron Curtain • It emphasizes population and production statistics, consumption and standard of living indicators, and international trade statistics • It gives corresponding figures for the United States, wherever possible • It is spirally bound, 215 pp, 11 x 9½ ins.

For copies of *Western Europe* (price 30/- post free), or for any further details, please write to The Librarian, British Market Research Bureau Ltd., 47 Upper Grosvenor Street, London, W.1. Tel: Hyde Park 8121.

J. WALTER THOMPSON COMPANY

LIMITED

How to keep a World intact

A plea by America's wisest authority on Russia—in *The Observer* this Sunday

TO READ George F. Kennan's book, "Russia and the West", is to feel that you are listening to a very wise man. Once U.S. Ambassador in Moscow, he not only knows Russia extremely well, but—what is quite as rare—can see his own country clearly. His last chapter was described by Sir William Hayter (himself an ex-Ambassador to Russia) as "the most sensible stuff on foreign policy that I have read for many years". And a Yugoslav Minister is reported as saying that it should have been read by everyone at the Belgrade Neutrals' Conference.

It is this last chapter, "Keeping a World Intact", that *The Observer* is printing this Sunday.

Mr. Kennan's basic theme is "the absurdity of the idea that outright war would be a suitable

means of protecting the Western Community from the kind of challenge with which Russian Communism has confronted it". He claims that outright war has never been an instrument of Soviet policy; warns us against hoping for 'absolute' harmony or 'absolute' anything; pleads that we leave a few problems for our children to solve.

A sane, calm, eloquent voice, and a new one. You can listen to it in *The Observer*, this very Sunday.

WHICH WAY FOR THE UNIONS?

The second instalment of Kenneth Harris's long and frank conversation with Lord Citrine also appears in *The Observer* this Sunday.

This Sunday make it
THE OBSERVER

THE ECONOMIST SEPTEMBER 16, 1961



have
you
seen it yet?

ASAHI PENTAX S-3

The superb new Asahi PENTAX S-3 single-lens reflex camera—classic in design and meticulously constructed—has a host of exciting new features that give complete control over every picture situation: Ultra fast Auto-Takumar 55mm f/1.8 lens; fully automatic diaphragm automatically stops down to your preselected aperture, then opens fully after exposure; brilliant pentaprism viewfinder with exclusive micro-focus; depth of field preview lever; focal plane shutter with speeds from 1 to 1/1000 sec., plus Time and Bulb, on a single dial; rapid film advance lever; rapid rewind crank; "cocked" indicator; film type reminder dial; FP & X flash terminals; threaded lens mount for interchangeable lenses.

This is a camera to use and enjoy and treasure for a lifetime of photographic satisfaction. This is the new Asahi PENTAX S-3—the greatest camera value in the world today.

Please write for a complete Asahi Pentax folder.

ASAHI OPTICAL CO., LTD.
C.P.O. 895, Tokyo, Japan

HE ECONOMIST SEPTEMBER 16, 1961

1031

BEHIND THE DUNLOP SYMBOL



£275,000,000
TURNOVER

20 RESEARCH
LABORATORIES

103 FACTORIES

100,000 EMPLOYEES

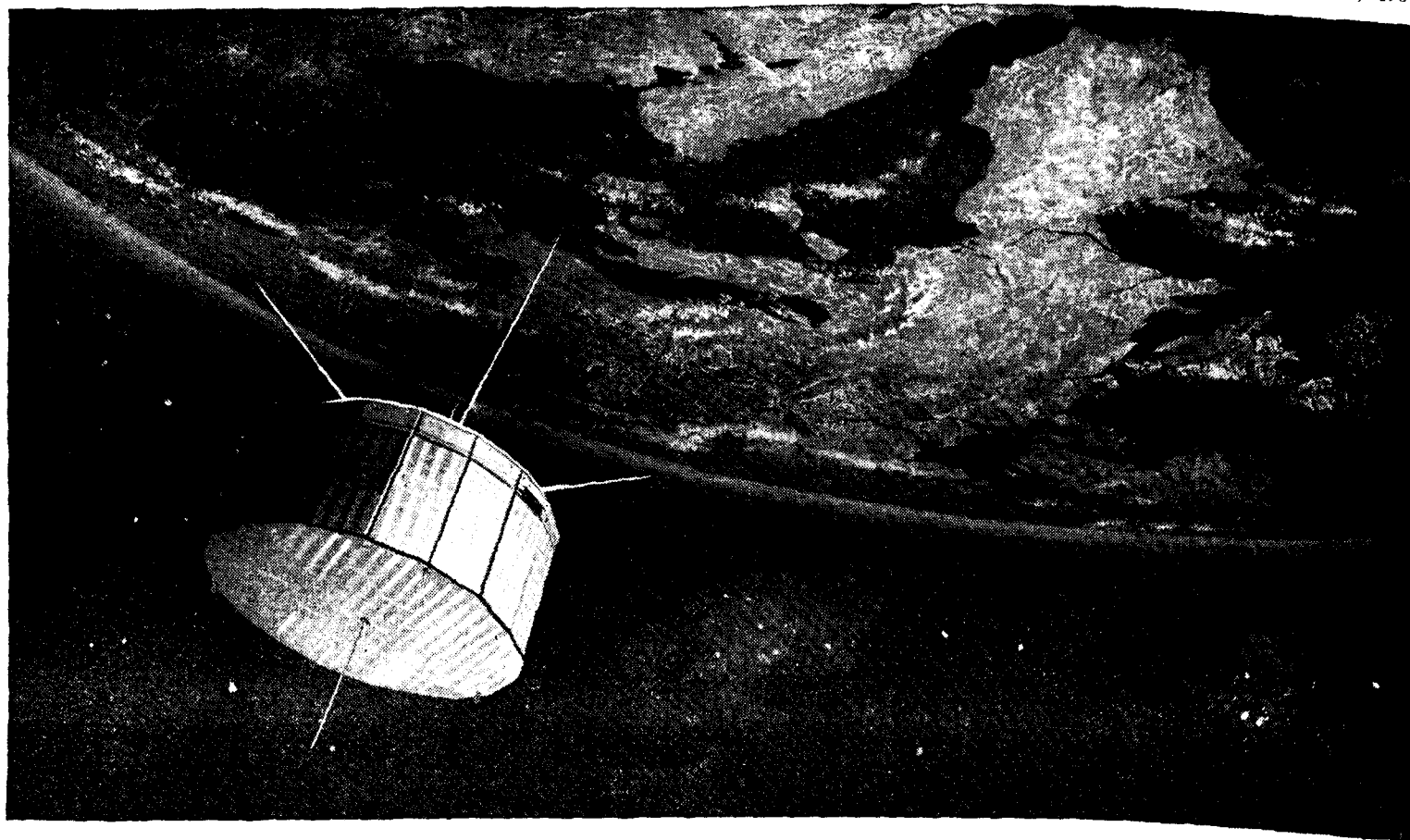
90,000 ACRES OF RUBBER PLANTATIONS

DISTRIBUTORS IN 140 COUNTRIES

What does Dunlop sell? Tyres. That's true. But tyre valves, too... millions of them each year... the rubber lining for a complete reservoir... two hundred different kinds of rubber mouldings for the aircraft industry... basketball boots... disc brakes... conveyor belting... And these are only a few of the thousands of products marketed by Dunlop, in 1960 to the sum of £275 million. A record turnover, and the product of steady growth. The organisation behind the new Dunlop symbol is one of the most enterprising and progressive in the world.

DUNLOP SYMBOL OF PROGRESS

cmh/pna/ss/ai



THE BUDD COMPANY . . .

Leader in solving electronic design problems with plastics



Example: Continental-Diamond Fibre plastics measure up to the particularly demanding specifications for printed circuit panels in the TIROS I weather satellite now circling the Earth in outer space. The satellite was developed for the National Aeronautics and Space Administration by Radio Corporation of America.

Many other problems in space age developments and diverse electrical and industrial applications are being solved by plastics created by Budd's subsidiaries, CDF in the U.S.A. and La Fibre Diamond in France. These laminated and molded

plastics are meeting unprecedented requirements for electrical insulation strength, lightness and heat resistance. Many other plastics—in the form of sheets, rods, tubes and tapes—play an important part in improving a wide range of products and lowering their cost. This pioneering in plastics closely complements Budd's skills. These skills in engineering . . . metallurgy . . . tooling . . . welding . . . research . . . testing . . . production and progressive development for international industry, help place Budd high among the world's 250 largest industrial concerns. Write for our Annual Report. The Budd Company, Phila. 32, Pa., U.S.A.

INTERNATIONAL **Budd** DIVISION

"Hello, Griffiths?
I've got a
painting
problem"



GRIFFITHS
Protective Paints

— offer a complete service to industry

Prime costs vary little between one type of protective paint and another, but a considerable saving can be made in maintenance costs by reducing the frequency of application. The most effective anti-corrosive system can only be arrived at by a careful consideration of the prevailing conditions, and by selecting the most efficient paint to use under those circumstances. Griffiths Brothers maintain a staff of technically competent and experienced Representatives who will investigate your Protective Paint Problem on site and offer you advice backed by our Technical Research Organisation.

COLOUR ADVISORY SERVICE

The complete service in protective paints offered to industry by Griffiths Brothers includes a Colour Advisory Service which, at no extra cost, brings you all the benefits of a balanced decorative scheme.

The following leaflets in our "TECHNICAL ADVICE" series are available to you on request:-

- No. 1 Surface Preparation of Steelwork
- No. 4 Zinc Sprayed Steel
- No. 5 Painting Galvanised Iron or Steel
- No. 6 Polyurethanes



GRIFFITHS BROS & CO LONDON LTD
ARMOUR WORKS • WELL LANE • WEDNESFIELD • STAFFS.
ALSO AT:— LONDON, MANCHESTER, GLASGOW & CARDIFF.

London printing of
THE GUARDIAN
means that lively minds almost
anywhere can now have
The Guardian by breakfast time



Mallory are at home in many fields

Mallory are the only firm to specialise in powerful miniature batteries. Some are as small as a ladybird; many are not much larger. Yet they can push a signal across more than 400,000 miles of space; have helped the airborne recovery of a satellite from orbit; made 'invisible' hearing aids more than a dream; fostered the trend towards pocket-size radios, tape recorders, paging systems . . . All this could be achievement enough. But remember the transmitter swallowed like a pill?—essentially a Mallory battery. A substitute pacemaker for the human heart?—also Mallory. A battery driven wristwatch that runs for more than a year; self adjusting camera shutters and lenses; illuminated novelties of many kinds—these and more are Mallory powered. Mallory pioneered miniature cells for field transmitters during the war. Uniquely dependable and long lived, they can be of great help to all manufacturers who plan to make their products smaller and retain full power.

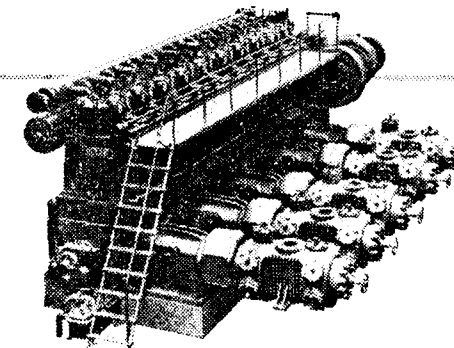


Mallory Batteries Limited, Crawley, Sussex
Sales Office: 33 Duke Street, London W1

MALLORY

miniature batteries for powerful applications

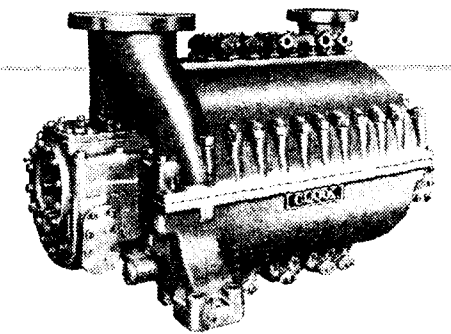
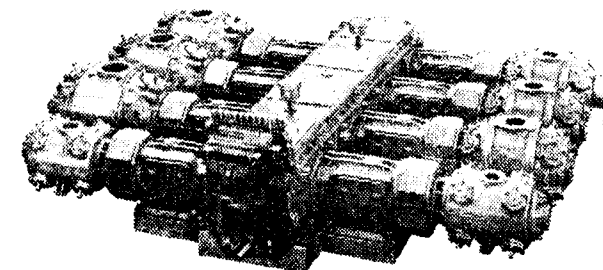
In USA, Mallory Battery Co, N.Tarrytown NY
In Canada, Mallory Battery Co of Canada Ltd, Toronto 4



Models TRA and TLA Gas-Engine-Driven Compressors—2-cycle, turbocharged. Ideal where large blocks of horsepower are required. They offer maximum power per unit of floor space, as well as excellent fuel economy. Model TRA is available with 6, 8, and 10 cylinders, 1100 to 1800 bhp. Model TLA is available with 5, 6, 8, and 10 cylinders, 1700 to 3400 bhp.

RECIPROCATING

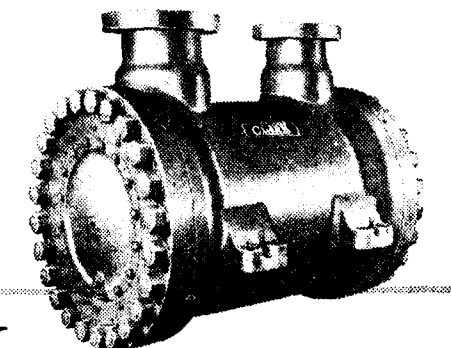
Models CLBA, CLRA, CJA, CMB, CMA and CFA Motor-Driven Compressors for heavy duty process applications. These balanced/opposed compressors are built in seven stroke sizes—6", 8", 8 1/2", 11", 14", 17" and 19". Available with 2 to 10 compressor cylinders depending on model chosen. Pressures from vacuum to over 36,000 psi.



Type HS Horizontally-Split Centrifugal Compressors are highly dependable multi-stage units used extensively in petroleum processing. Seven case sizes are available in capacities ranging to over 150,000 cfm. Up to ten stages of compression in a single case. Cooled or uncooled types available to meet process requirements.

CENTRIFUGAL

Type VS Vertically-Split Centrifugal Compressors are multi-stage units designed for extremely high pressures—to over 5,000 psig. Four case sizes have a capacity range from 200 discharge cfm to 20,000 suction cfm. Barrel-like outer case provides maximum strength. Inner case is horizontally split for easy accessibility.



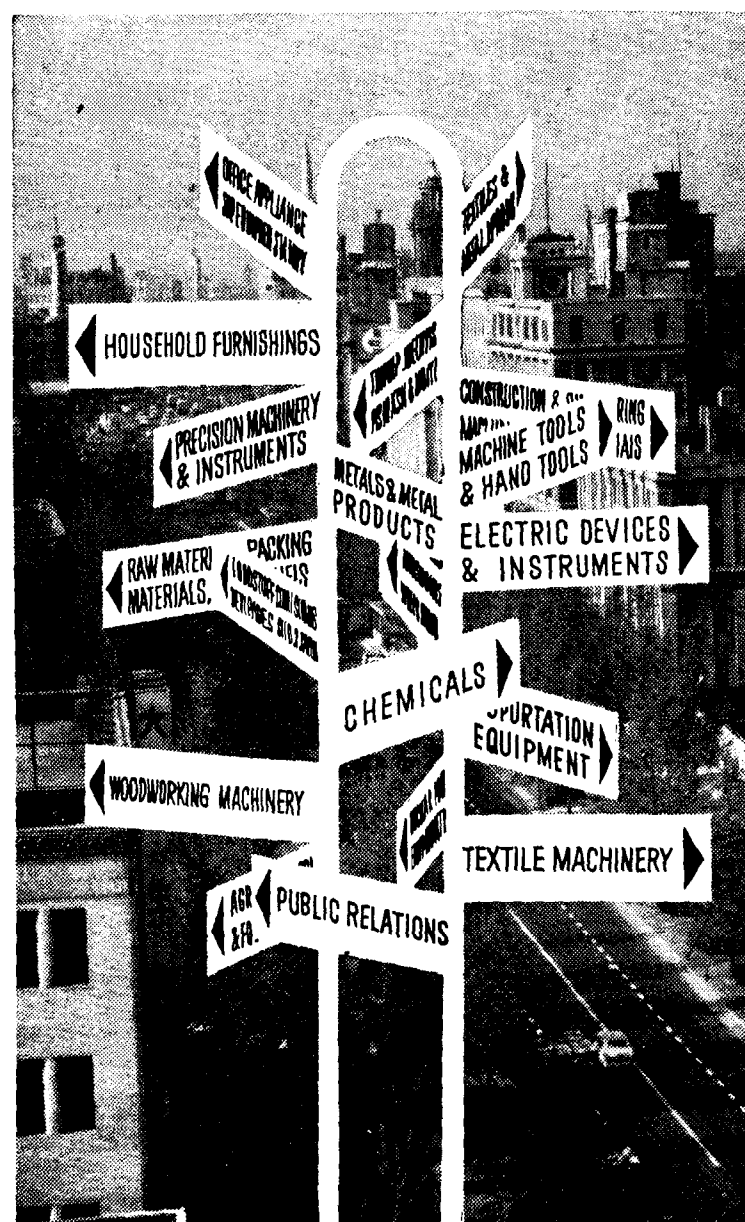
CLARK COMPRESSORS as international as the world-wide petroleum processing industry



Wherever petroleum is processed, you will find Clark compressors on the job or readily available. The complete line of Clark centrifugal and reciprocating compressors, with motor and gas engine drives, are manufactured in the U.S.A. and under license in Europe. Regardless of where manufactured, all Clark units and components are identical and completely interchangeable. Whether they carry the name plate of Clark (U.S.A.), Weir-Clark (Great Britain), Dujardin-Clark (France), CDT-Clark or CNR-Clark (Italy), they are the same efficient Clark compressors, designed and built to provide a lifetime of dependable service with minimum maintenance. All are guaranteed by Clark. For complete performance and application data, write to the offices listed below:



CLARK BROS. CO. DIVISION, Dresser (Great Britain) Ltd.
197 Knightsbridge, London S.W. 7, England
CLARK BROS. CO. DIVISION, Dresser (France) S.A.
37, Ave. D'Iena, Paris 16, France
CLARK BROS. CO. DIVISION, Dresser Italy, S.p.A.
Piazza Cavour, 3, Milan, Italy
CLARK BROS. CO. OVERSEAS OPERATIONS DIV.
122 East 42nd Street, New York 17, N. Y.



NEW CROSSROADS OF WORLD TRADE

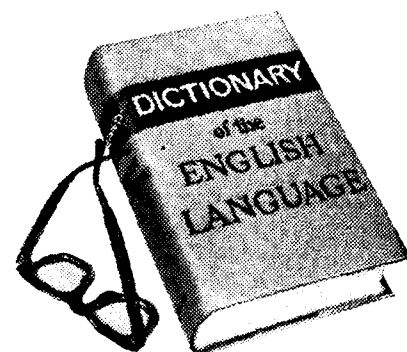
Japan's industry is moving fast. Every year more new products are introduced, more old products improved. See these advances in every category of commerce and industry at the newest crossroads of world trade—the 1962 Osaka International Trade Fair.

Japan today stands among the leaders in expanding and developing avenues of opportunity. Plan now to take advantage of these advances by visiting the thousands of exhibits at Osaka—show window of Japan.



5TH OSAKA INTERNATIONAL TRADE FAIR
APRIL 5-25, 1962

For information, write to **OSAKA INTERNATIONAL TRADE FAIR COMMISSION**
Honnachibashi, Higashi-ku, Osaka, Japan Cable Address: "NIPPONFAIR" OSAKA



Exercise for etymologists

Minty have 'cross-bred' a bookcase with a dresser and christened the offspring the *book-dresser*. There are five book-dressers in the Minty Contour range, and each embodies the essential advantages of both parent pieces. There may be a more apposite appendage than the portmanteau name we've given to this new kind of furniture. The following details could easily inspire you to think of one.

Finished in hard, waxed, English elm, all Contour book-dressers have their tops in common: a glassed-in compartment for your best books; open adjustable shelves for your folios or paper-backs. What goes underneath is a matter for self-expression.

Contour One has a drawer, a writing flap that doesn't wobble, and a sliding-door cupboard that might well reveal reading type refreshment. *Contour Two* has the cupboard only. *Contour Three* has four sensible drawers, and the same non-flappable flap. Behind the drop door of *Contour Four* is a space that's positively cavernous in its dimensions. And if your library grows and grows like Alice, *Contour Five* fits comfortably alongside any of the others and takes the overspill. Prices from £36.10.0—or on deferred terms if you prefer.

You can see and buy book-dressers at your nearest Minty Centre. If, however, for any reason you can't call, Minty will be glad to send you a catalogue and details of post ordering. Write to Dept. E.16, Minty Ltd., 44-45 High Street, Oxford.

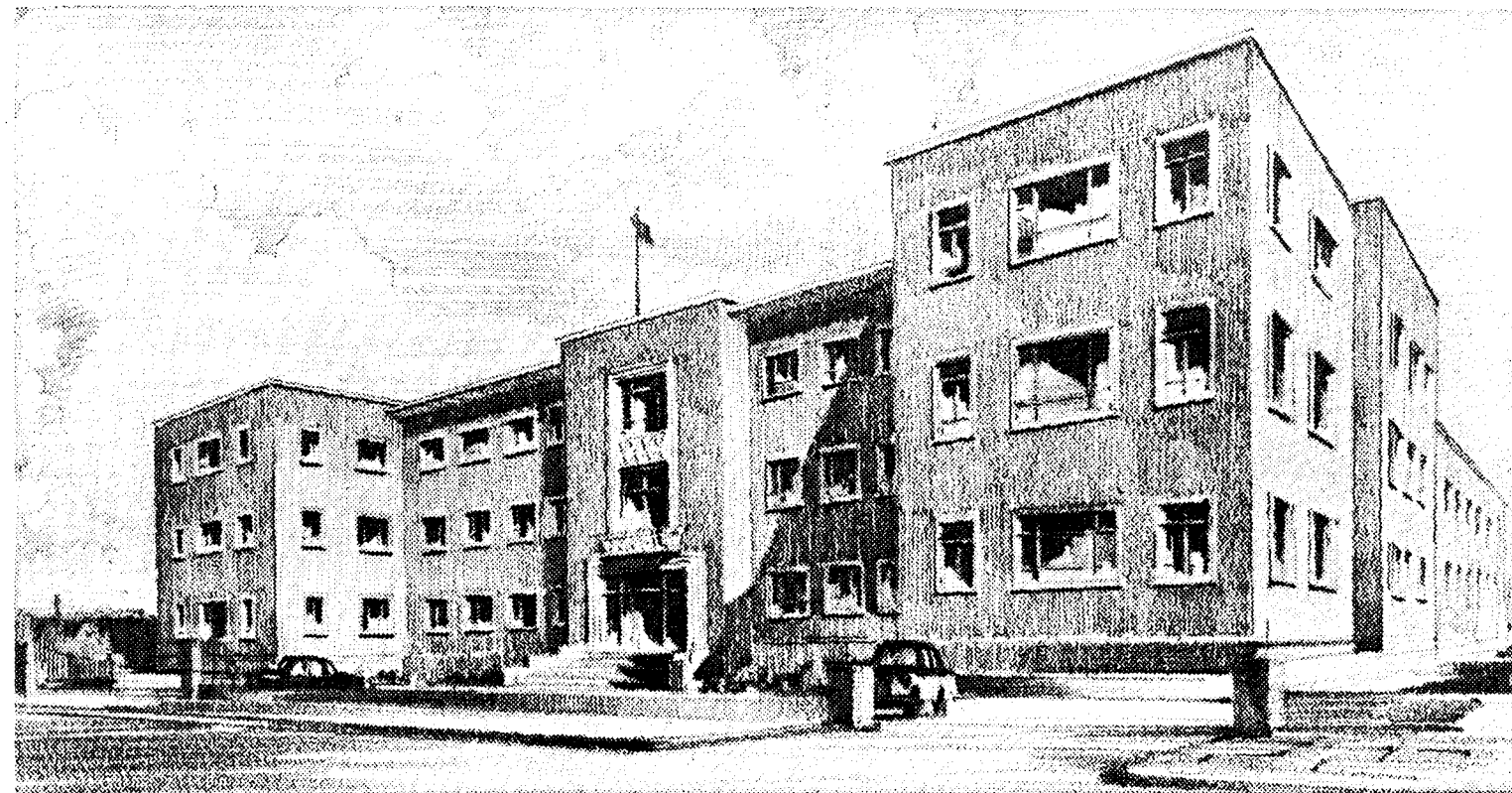


see it at your

MINTYcentre



OXFORD (Head Office): Minty Ltd., 44-45 High St.; BELFAST: Hanna & Browne Ltd.; BIRMINGHAM: Minty Ltd., 186 Corporation St.; BOURNEMOUTH: J. J. Allen Ltd.; BRISTOL: Minty Ltd., 50 Park St.; CARDIFF: David Morgan Ltd.; CHELMSFORD: Bonds Ltd.; CHELTENHAM: Shirers & Lances Ltd.; COVENTRY: John Anslow Ltd.; EDINBURGH: O. & J. Brown Ltd.; GLASGOW: Minty Ltd., 656 Sauchiehall St.; GUERNSEY: Lovell & Co. Ltd.; HULL: Hammonds Ltd.; IPSWICH: Footman Pretty Ltd.; JERSEY: A. de Gruchy Ltd.; LEEDS: Minty Ltd., Shell House, Eastgate; LANELLY: Pugh Bros. Ltd.; LONDON: Minty Ltd., 123 Victoria St., S.W.1; MANCHESTER: Minty Ltd., 7-8 Royal Arcade Exchange; NEWCASTLE-UPON-TYNE: W. E. Barker Ltd.; NORTHAMPTON: Jefferys of Northampton; NORWICH: Trevor Page Ltd.; NOTTINGHAM: Hopewells Ltd.; PLYMOUTH: E. Dingle Ltd.; READING: Holmes Ltd.; SHEFFIELD: John Walsh Ltd.; SOUTHSEA: Handley's Ltd.



Service in step with science...

The consistently superlative quality of Walpamur Quality Paints is maintained by the application of scientific research, and by rigorous laboratory and practical tests at every stage of manufacture. With Branches throughout the United Kingdom, and Factories and Agencies overseas, The Walpamur Co Ltd matches the quality of its products with an unrivalled service.



WALPAMUR QUALITY PAINTS

—the standard by which others are judged

THE WALPAMUR COMPANY LIMITED

DARWEN & LONDON

Paints, Enamels and Varnishes for every possible need

OVERSEAS FACTORIES IN CANADA, AUSTRALIA, SOUTH AFRICA, KENYA AND EIRE.



Consider the **VICKERS HOVERCRAFT** when thinking about transportation



FACTS

The ten ton version of the Vickers Hovercraft is under construction. This, the smallest version, will be capable of modification to suit the operating requirements of the purchasers. It will have the following characteristics:

Speed 60 knots.

Pay-load 27 people or 4,420 lb. of freight or a combination of these.

Range 100 miles.

Maximum economy is found over journey stages which are too short for aircraft.

The operating height enables it to travel over water, ice, snow, floods, and unobstructed land free of steep climbs or declivities.

With its robust construction and high degree of manoeuvrability the Vickers Hovercraft is designed for maximum safety.

FORECASTS

ECONOMY

Apart from its great saving on jetties, airstrips, pilots and ground crew, operators will find the Vickers Hovercraft considerably more economical than flying.

USERS

The first operators will be firms using the Vickers Hovercraft to establish fast communication services. Oil companies—particularly those engaged in off-shore drilling—will find the Vickers Hovercraft invaluable for transporting men and stores between bases and rigs.

LOCATIONS

Effective over ice as well as water and being unaffected by marsh or sandbanks, the Vickers Hovercraft will be equally at home among lakes, floods, rivers and estuaries.

VICKERS-ARMSTRONGS [SOUTH MARSTON] LIMITED

South Marston Works · Swindon · England
Telephone Stratton St. Margaret 3241

In addition to the Vickers Hovercraft, Vickers-Armstrongs (South Marston) Limited are working on technically advanced government and industrial engineering contracts for the General Post Office, the United Kingdom Atomic Energy Authority, the British Transport Commission and the War Office. The Company's design departments, renowned in many fields, are concerned with Nuclear Research, Nuclear Training Equipment, and Radiation Sterilisation Equipment.

MEMBER COMPANY OF THE VICKERS GROUP

VN 20/2

The Economist

SEPTEMBER 16, 1961

alling KREmlin 1961	1039
ritain's Economic Problem	1041
Where Next for Neutrals?	1043
Old Mancunian	1044
Island Entyre of Itself	1045

NOTES OF THE WEEK	1047
ongo; Wage Pause; Berlin; Communist Block; Landling Demonstrators; Trade Unions; Britain and Europe; Northern Rhodesia; Tunisia; Teachers' Unions; Ghana; Norway; Monty; Town Planning; Birth Control.	

LETTERS	1054
---------------	------

BOOKS	
Whitehall and Imperialism	1057

HOME REPORT	
Ireland's Snap Election	1062
The Fifth City; Emperor's New Clothes.	

THE WORLD OVERSEAS	
German Politics Come Alive	1065
A World Seen from Paris; Arabian Knights; Planning Uganda's Future; Peking Hesitations; A New Indo-Pakistani Dispute; Nothing Tangible or Tangier.	

AMERICAN SURVEY	
The Pentagon Prepares	1073
Gammany's Scalp; Strike on Time; The Long and the Short; Dipping into the Tin; Weekend Vikings; No Banking on Justice; New Life for Civil Rights; Textbook Marriages.	

THE BUSINESS WORLD	
Mr Dillon's Brief	1085
Trusting the Experts	1086

BUSINESS NOTES	1088
Commonwealth Finance; Overseas Trade; The Economy; Coal; In the Markets; Wall Street; British Petroleum; Motors; The Exchanges; London Transport; Bids and Deals; New Cars; Steel; Silver; Domestic Appliances; Overseas Contracting; Supersonics; Rubber; Shipping; Shorter Notes.	

COMPANY AFFAIRS	1106
Rank Organisation Redeploys; General Electric; British Electronic Industries; Fitch Lovell; Doom Dooma Tea; Cyril Lord.	
London and New York Stocks	1108
Money and Exchanges	1110

Annual Postal Subscription by ordinary mail UK and Canada £4 10s; elsewhere overseas £5; by air see page 1105

VOLUME CC · NUMBER 6160

Calling KREmlin 1961

Our clairvoyant wire-tapper, plugged in to the (regrettably) still non-existent private line between the White House and the Kremlin, records Mr Kennedy's possible first call:

GOOD MORNING, Mr Khrushchev; or rather, good afternoon. The sun that I see rising over the Capitol has already passed its peak in Red Square. In America we have a saying, "The same sun shines on us all." It is this awareness of our common interests that makes me want to talk to you about Berlin. Your Mr Gromyko and my Mr Rusk are first-class negotiators, no doubt, but before we can tell them to go and negotiate, which is a complicated business like building a house, you and I ought to do a little digging on the site, as it were. Things can be said in a private conversation—certain assurances offered, intentions explained, hints dropped—that would be out of place, not to say downright embarrassing, at a formal conference. You remember that in the last war, when we fought on the same side, Mr Churchill and Mr Roosevelt used to write to each other privately for just the same reason. After all, I am a Former Naval Person, too. . . . Did your simultaneous translator get the joke?

When you spoke to the people of Stalingrad on September 10th, you said you appreciated that they were "anxious about the international situation." So are the Americans. Even my nuclear physicists, I see from reports of the recent international science meeting in Vermont, are beginning to wonder whether they ought to build shelters for their families against the kind of bombs they themselves have been busily producing for years. What worries people everywhere is not the possibility that either you or I have actually decided that another world war would be tolerable. They credit us with more common sense. The real danger is that, in our argument over Berlin, each of us will keep on taking one more step towards what my advisers insist on calling the "crunch" (not a lovely word, you will agree) in the belief that he will thereby deter the other fellow from taking the next step.

Somewhere along the road a step that was designed to be merely penultimate is liable to turn out to be ultimate. To prevent such a miscalculation, you and I obviously have to come to an agreement that will let each of us hang on to our essential interests in central Europe—even if it means giving up some of the things we would like to achieve were the risk not too great. Can we work out such an agreement?

I think we can. You told Mr Walter Lippmann, when you talked to him in April, that you insisted on signing a peace treaty with east Germany now because you wanted to consolidate Herr Ulbricht's regime (and the east German boundaries) before nuclear rearmament went too far in central Europe. Now, personally, there is nothing I would like better than to un-consolidate Herr Ulbricht—one moment, please. I am simply expressing a point of view—and, what is more to the point, most east Germans seem to feel the same way. But this is something I put in the category of things I would like to achieve if the risk were not too great. The West's essential interest, as I have said several times, is to guarantee the right of west Berlin—which, unlike east Germany, clearly is our responsibility—to live the kind of life it wants.

As I hinted to Mr James Reston of the *New York Times* in the interview I

gave him early this month, I am not particularly bothered what form the guarantee on Berlin takes, so long as it is solid in substance. In other words, I am perfectly willing to negotiate a new agreement defining Berlin's rights, in place of the old occupation arrangements, and if Herr Ulbricht wants to sign his name at the bottom, why not? Perhaps I can go further. To prove that I am serious when I say that the preservation of west Berlin is vital to us, but the undermining of east Germany is not, I am willing to call a halt to all those harassments that have been practised against east Germany from the city in the past. In a private conversation like this I can spell out what I mean: radio propaganda, the passage of undercover agents, and so on. (*Cracklings on the line.*)

What guarantee have you that I will keep my word? A very simple one. The western powers will be perfectly well aware that if they try to use Berlin to stir up trouble for Herr Ulbricht, you can make life there difficult for them again. It is what my diplomatic pundits call a "self-enforcing agreement."

Moreover, it looks as if we can come to an understanding about the way a new agreement on Berlin would be enforced. I think the United Nations might well be invited to take a hand. (This was another hint I gave to Mr Reston; I hope you are a reader of the *New York Times*.) Of course, you will have to accept a certain number of western troops in Berlin as part of, or in addition to, the UN presence; this is the only way we have of making our link with the city manifest. But I can see no reason for not getting as many countries as possible to share the responsibility for Berlin. You have said, at various times, that the west Berliners can have whatever social system they prefer, that all countries can have free access to the city, and that the UN can keep an eye on Berlin's future. The time now seems ripe for spelling this out, clearly and unmistakably, on paper.

DOES all this mean that I am recognising east Germany, you ask? Let us be frank. You must know how difficult it would be for me to recognise Herr Ulbricht's government, in so many words, tomorrow. It is perfectly obvious what effect this would have in the Federal Republic (*an explosion at the other end of the line, rendered by the translator, rather helplessly, as "revanchists . . . provocateurs . . . extremists"*) and the West can no more afford to risk west Germany's defection than you can afford to risk east Germany's; rather less, as a matter of fact, because west Germany is a positive asset to us, whereas to you, east Germany . . . well, let it pass. But bear a couple of points in mind.

One is that it would already be a considerable step towards recognition if Herr Ulbricht signed the proposed agreement on Berlin; other similar steps might be found later. The second is that most people in the West still have their memories, which nag them with thoughts of the troubles that might come from having a reunited, still more powerful Germany in the middle of Europe—especially if it came to be armed with nuclear weapons. Thus, while we shall continue to say that Germany ought to be reunited one day, if the Germans want it, because we believe in self-determination, it is not something we shall fight a war for. It is, in fact, something to be settled peaceably between the two parts of

Germany—with the help of the ex-allied powers, certainly; but we are resigned to moving no faster in that direction than the two parts of Germany themselves move. And that seems to be not fast at all.

EVERYTHING depends on what your motive is in bringing the Berlin crisis to a head. If, as you told Mr Lippmann, your aim is to win acknowledgment of east Germany's existence, and of the post-war frontiers of Germany, I think a bargain can be struck. You keep east Germany; we keep west Berlin. This may not be what we would ideally like, but, stuck as we are in Berlin in an outpost behind your lines, we are in no position to pursue the ideal. If, however, your real aim is to seize possession of Berlin, then both of us are in for trouble.

So far it has been my turn to offer accommodations in order to keep the peace. Now it is your turn. Your foreign office and mine have exchanged four notes between August 23rd and September 8th about the air corridors to Berlin. Perhaps your objective in raising this matter is simply to remind the West that the right of passage along the air corridors, like everything else affecting Berlin, needs ratification by the east Germans. As I have already suggested, we can accept this. But if you go on to interfere by force with the access routes to Berlin—or, worse, try to capture Berlin outright—a conflict is quite inevitable. The decision between war and peace might not even be entirely mine. The local commanders in Germany, some of them controlling nuclear arms, would naturally fight back; and, as you yourself told Mr C. L. Sulzberger on September 5th, "it is untimely to say that in the event of war atomic weapons would not be used."

Do not count on American public opinion to prevent this. The Americans know, as though by instinct, that if they hand over Berlin without a struggle their influence in the world will be at an end; and so they are in a remarkably militant spirit. When Mr Joseph Alsop and Mr Jules Feiffer say the same thing, as they have done about the neutrals' attitude to the present crisis, you can take it that American opinion is solid. At the moment I speak for the forces of moderation in my country, possibly like you in yours. Some of my scientists are even urging me to build a thousand-megaton bomb to make your hundred-megaton one look unimportant. I don't know if your nuclear experts ever frighten you, Mr Khrushchev, but, by God, mine terrify me.

It has been said that your true purpose in Berlin is to break the will of the western alliance once and for all by proving that it will not fight back in any circumstances. The western powers did not try to humiliate Russia in 1948, when they had a nuclear monopoly; I do not believe that Russia is foolish enough to try anything of the kind now, when the nicely poised balance of nuclear power makes the dangers infinitely greater. Mr Khrushchev, think of your power stations, your newly built cities—and your people—gone into thin air before you can say "miscalculation." Neither of us can achieve total victory in Europe without this happening. The only way to prevent it is for each of us to separate in our minds those objectives that are vital to us from those that are merely marginal—and do business on that basis. (*Sounds of animation, and a voice saying, "Molodoi paren no tolkovyi!"*)

Britain's Economic Problem



Sir Robert Lowe Hall, who was best known to economists before the war as the Hall of the Hall and Hitch study of pricing policy, and as the author of "The Economic System in a Socialist State," left his fellowship at Oxford to become a wartime civil servant in 1939. After a brief return to Oxford, he became Director of the Economic Section of the Cabinet Office in April 1947: he held that office until 1953, when his title was changed to Economic Adviser to the Government, a post from which he retired this year. For fourteen eventful years, under eight Chancellors from two political parties, he has therefore been, in effect, the top professional economist in the Treasury. When his retirement was announced, The Economist asked him to set down his views on the economic problems before this country. He has done so in two important and thought-provoking articles. The first appears below; the second will be published next week.

THE British economy has now enjoyed almost twenty years of full employment, about fifteen after the war and early post-war phases. It has turned out to be much easier to maintain than almost anyone expected, but has been accompanied by the emergence of new problems to which we are still trying to find solutions. The most insidious of these problems may prove to be the freedom that the new order seems, at first sight, to have given us to change our attitudes towards the conditions in which we have to make our living. Full employment, whether by full planning in socialist economies or by Keynesian technique elsewhere, has taken a great deal of the edge off the less pleasant aspects of prewar advanced economies. If we do not want to struggle, we can get along very comfortably by a moderate conformity. In democratic countries, the sanction for the maintenance of this happy state appears to the populace to be ultimately that of votes, since most elected Governments believe that their own survival depends on its maintenance.

We must now ask what use we are making of this freedom, which has so much lightened the burden of the economic problem. The thesis of these two articles is that we in Britain are in danger of using it in ways which may lead to a deterioration in our economic survival value, compared to that of countries which are making more conscious efforts. Those who think that this is a fanciful idea should reflect that it is inherently probable that species in an easy position should deteriorate unless they are stimulated in good time, and that votes in the past have not had any biological significance—or more often an adverse than a favourable one. Is there not a danger that we will undermine our happy state and leave our descendants with something that will seem much less attractive to them than our own inheritance appears to us?

It has become increasingly evident that in a number of ways the economy is not doing what is wanted of it. The objects of economic policy can be stated in various ways, but almost all formulations would include an acceptable rate of growth and a reasonably stable price level as well as full employment. It is clear that we have not grown as fast as we would have liked; our increasing standard of living has been accompanied by constantly recurring difficulties with the balance of payments, and inability at the same time to spend as much as we would like overseas both in defence (which has also been cut at home) and on assistance to underdeveloped countries. The conflict between what we want and our means of getting it is perhaps a perennial one. But comparisons between the growth of the national income here and in a number of other countries, and comparisons also of balance of payments experiences, have led to a widespread feeling that there

is something wrong with our own progress. As for the price level, our record can only be described as lamentable, whether it is judged by our performance in the past or by what every Government since 1945 has asserted, with very little contradiction, to be desirable policy.

Why Price Inflation Matters

The problems created by full employment can be seen most plainly in this last failure, in the movement of prices. Many people, of course, deny this. It is often asserted that prices which rise at the rate experienced in postwar Britain, or even faster, are not really a misfortune at all. We could, it is said, easily adapt our organisation and institutions to a steadily rising price level; our growth is impeded by the spasmodic attempts by the Government to reduce demand, partly in the hope that this will reduce cost inflation. The balance of payments could be dealt with by a floating exchange rate or a series of devaluations.

The reasons for preferring price stability are somewhat complex and, while no single one is conclusive, I believe that the balance of argument is very nearly so.

The arguments can be classified roughly into three groups. First there is the social one, that damage is caused to those with fixed incomes, that pensioners lag behind and so on, situations which have a strong element of social injustice. Secondly, there is the distortion caused to effort and enterprise by the need to adjust calculations to an inflationary situation, and the constant opening up of opportunities of speculative profits not related to production as such. And, thirdly, there is the effect on international trade of exchange uncertainty, which suggests that those countries which do not attempt to stabilise their exchanges are parasitic on those which do. It is true that international stability is not necessarily secured, and may be impeded, if every country is seeking complete internal price stability. But, as a practical matter, the problems so created are very small compared with those which result from countries which are unable to control their price level.

In the case of the United Kingdom, there is little doubt that most people would like stable prices. Every Government feels that it must state that this is one of its policy objectives—and that we have an international responsibility, because of the reserve position of sterling, to maintain its external value. It is evident that the steady upward pressure on our prices contributes a great deal to our difficulties with the balance of payments, since our competitive position in export markets is constantly threatened. No doubt delivery dates, the quality of our exports, and service to customers overseas all play a part. But none of these can be put in a separate

here Marshal Tito was the object of their sharpest cuts. But the Peking press named Marshal Tito as one of the chief "spokesmen of US imperialism" at the conference. Peking was little more discreet in its expression of its obviously intense anger at Mr Nehru's and U Nu's efforts to lift the conference out of its familiar rut of anti-colonial speechmaking into positive action for peace.

The unofficial American reaction seemed as ingenuous as the official Chinese one was disingenuous. Only the most naïve observer could have expected the Belgrade group to swing in favour of the West, even under the brutal impact of the Soviet test resumption. Most of its members had long been on record as supporting Peking's claim to the Chinese seat at the UN; as sympathising with the Algerian, Angolan and other anti-colonial struggles; as tending to brand the whole West with at least some degree of complicity in colonial repression and racist domination; as indifferent to German, and particularly to west German, grievances; and as suspicious about the likely impact on themselves of new western economic groupings. Nothing of this was new to anybody who had followed the Belgrade countries' earlier utterances at UN meetings.

MR NEHRU and others were right to urge the conference to escape from total obsession with colonialism and imperialism; their courageous efforts did save it from being merely a repetitive and competitive talkfest, in which those who had least to boast of as shapers of "new nations" were liable to talk loudest. But a matching candour is also required in the western world. The western public does sometimes need reminding that colonialism, although dying, is not yet dead; and that true understanding between the West and formerly dependent Asia and Africa is still blocked not only by the survival of colonial rule and repression, but also by race prejudice, misuse of economic power, and a whole complex of "white" attitudes arising from seeming inability to

Old Mancunian

The *Guardian's* brave new venture in London raises all the problems, qualitative as well as quantitative, that the thriving "quality" press in Britain now faces

IT was midnight in Vienna some years ago, and a cluster of editors were discussing how they planned their newspapers, when the doyen of them all could bear it no longer. "Planning?" he burst out impatiently, "I don't know what you mean. We get the news and put it in. We have some ideas and write some leaders. And that's the *Manchester Guardian*." No doubt, in his deflating way, the late and inimitable A. P. Wadsworth was much understating the forethought that then went into the making of his famous paper. But certainly the process which, since then, has first deleted Manchester from the paper's title and now, this week, added London to its imprint reflects a formidable new exercise in planning by both the business and editorial departments. Its object has been, by a characteris-

take seriously the fact that the basic psychology of emergent peoples is not cast in a European mould.

It is too easy to overlook this, and to pass from disappointment at the apparent failure of Afro-Asian neutralists to condemn Russia to the conclusion that they are perversely one-eyed, "ungrateful," and responsive only to toughness as now practised by Mr Khrushchev. There is in fact no evidence that the Soviet bomb blasts swung the Belgrade conference towards a timorous wish to "appease" Russia. The varying attitudes shown at Belgrade on the German question had been fixed long before the Soviet resumption of nuclear tests. The demand for American-Russian negotiations had been voiced by the same group at last year's UN assembly. Although the Russians and Chinese have made what they could out of the conference, in a tortuously selective way, they have in general been cautious and cold to it. Not only did Mr Khrushchev receive Mr Nehru's representations in Moscow with great reserve; to the communist powers, which claim that their ways should be a guiding light of all underdeveloped nations, the mere sight of such nations converging on, of all places, heretical Belgrade, and setting themselves up as an independent world force, is repugnant and infuriating.

For Mr Khrushchev, Belgrade's most specifically annoying aspect must have been its firm rejection of his bid for the total paralysis of the United Nations through an extended veto system. The Belgrade consensus favoured a stronger, not a weaker, UN mechanism. In the General Assembly that opens on Tuesday, battle will be joined on this issue; and it is first of all here that a closer western working relationship with the non-aligned powers looks possible. If the West can finally abandon the idea of retaining a dominant position within the UN, and align itself with the non-aligned in the effort to increase the organisation's effective peace-keeping capacity, it will both narrow the gap that divides it from emergent Asia and Africa, and help the non-aligned countries to find their own identity in the pursuit of positive common aims. It will also be doing something worth while in itself.



tically Mancunian combination of imagination and down-to-earth calculation, to make the *Guardian*, which was already national (and international) in its reputation, national in its distribution and appeal, too.

By starting to print in London as well as in Manchester (using ingenious, if still erratic, two-way teletypesetters) the *Guardian* not only enlarges greatly its own catchment area, but also hopes to catch the tide that has been running strongly in favour of the so-called quality newspapers. True, that tide may temporarily have passed one flood, in terms of advertisements if not of sales. Certainly, with national distribution the *Guardian*, sold for 4d. should lift its circulation of 235,000 well ahead of the 260,000 of *The Times*, at 5d.; the intenser rivalry between them will be worth watching.

But will the *Guardian* put on the extra 100,000 or so that may be needed, with the supporting revenue from advertisements, to make the new and costly venture really worth while financially? That is the first hazard; no doubt the hard-headed sums have been done.

The second hazard is quite different; it is editorial, and belongs not only to the *Guardian*. Can a paper like it or, say, *The Times* (or even, in its own smaller way, *The Economist*) become, not all things to all men, but more and more things to more and more men, and still be itself? *The Times*, at any rate, may opt to stay itself, if it can; to consolidate something like its present circulation, if it can, at a higher price of,

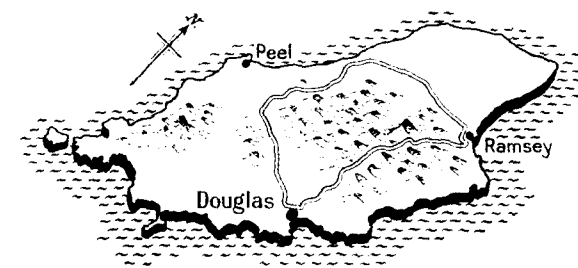
Island Entyre of Itself

The Isle of Man is a victim of changing holiday tastes and its own situation: its tourist-based economy is static, and if schemes now afoot are unsuccessful, the island's future is gloomy

DONNE, of course, was talking of a different Man. The "island entyre" to which this article refers lies in the geographical centre of the Irish Sea, a richly scenic 36 miles by 10 with a bare 56,000 inhabitants, and the focus of the holiday attentions of half a million Scots and Scousers from across the water between May and September. Nor is it part of the main: its nominal ruler is the Queen, but with its bicameral legislature (the oldest in Europe) it enjoys political, but not economic, autonomy. Its government is conducted by the Lieutenant-Governor (whose powers are wide), his partly-appointed Legislative Council (composed of such ancient arbiters as two Deemsters and the Lord Bishop of Sodor and Man) and the wholly elected House of Keys. The Keys propose, Legco disposes or at least delays as it sees fit; and when bills eventually come to be signed both houses sit together as the Court of Tynwald to do it. Only in its foreign policy need the island bow to Whitehall: but with few exceptions and additions legislation is in practice taken over unchanged from the United Kingdom.

The £4 million government revenue of the Isle of Man is derived, as in that less happier land across the sea, from the three main sources of customs, excise and income tax; but customs and excise income derive in turn largely from an arrangement with the United Kingdom called the Common Purse, whereby, in return for levying identical duties on identical goods, the island receives a *per capita* pay-out from the Treasury (still called "The Imperial Government" in the island) without having to go to the trouble of separate collection. Only beer is the subject of a differential duty.

Contributions to the island's economy from the Common Purse amounted to £2.3 million in 1960. Of the rest, the greater part came from income tax. The sum of £785,000 was extracted reasonably painlessly (the standard rate is 4s. 6d.) from the 6,000 Manxmen and "comeovers" fortunate enough to earn more than £530 in 1959. Tax allowances are generous as well as tax rates: a married man with £2,000 a year, two children and a dependent relative is eligible for allowances in excess of £1,100. Richness is encouraged in



other ways, too: death duties and surtax are not countenanced as ways of collecting revenue, and earned income is more heavily taxed than unearned (on which the standard rate is 3s. 6d.)—although with the intention of encouraging investment in, rather than parasitism on, the island.

Private income derives almost solely from the brief summer when the isle, like Prospero's, is full of noises, sounds and the sweet music of cash registers giving delight and hurting not. It is then that the comeovers flock from "Across" with their camp followers into the 180 hotels and boarding houses in the main town of Douglas. They are the lifeblood of Man—not only for what they spend but for what they earn; the petty, transient traders from Across contributed more than half the income tax and four-fifths of most other revenue to the island's exchequer in 1960.

Winter is a hard time in the island: Man's economy, tourism apart, is not strong. Until recently its industries were confined to brewing, kippering, confectionery and small ventures in woollen goods and carpets. Fish and wool (most of the fish comes from Scottish ships rather than the all but moribund Manx fleet) are the island's only raw materials; but there is a highly mechanised agriculture the main products of which, mutton and cattle, are exported in some quantity to the United Kingdom. There are now, in addition, tiny specialised industries producing such esoteric things as fibreglass for TT motor cycles and plastic mouldings—products which (since transport costs are high) sensibly depend for their ultimate value largely on the work that has gone into them. There are also several firms doing sub-contract work for United Kingdom companies—little of it very profitable.

THE attractions of the island as an industrial development area have proved somewhat smaller than its lures as a holiday resort. In an effort first to find out why no major industrialist has thought the low taxes and pleasant climate worth his while, and then to discover some means of making it worth his while, the Governor last year appointed a one-man

commission of inquiry—a Liverpool production engineer, whose *Survey* (printed, significantly enough, in Liverpool) was published last summer. Its prognosis is gloomy.

A reserve (about 1,500 in an average winter) of unemployed men and women is not, he commented, a sufficient inducement to the immigration of prospective industrialists; and the quality of the Isle of Man's labour is not, in any case, to be boasted of, for while its productivity is described by most established firms as fair to middling, its ability to take advantage of promotion is, as one of them put it, "middling to maggots." Nor is it a stable labour force. Of those already employed, up to a third regularly desert their employers in the summer to go "on the comeovers"; many more do night work of the same sort and refuse to do overtime for their regular employers. This seasonal fluctuation is not surprising. Manxmen have been brought up to believe that the tourists are a bounty from the Almighty; their regular wage rates are lower and their cost of living higher (by 25 per cent) than those of the United Kingdom, but even the least skilled of Manxmen can overcome these twin hardships in the season, when a conductor on one of the horse trams which crawl along the Douglas promenade will earn upwards of £16 a week.

The lack of "officer material" is less easily understandable and more serious. The Manxman's development as an executive is limited by the lack of institutions on the island capable of guiding and nurturing his native skills. More technical education could only lead, however, in the absence of opportunity to use it, to the increased drain of population which is the spectre of Manx life. As a result, new industries will continue to bring with them their key personnel. The dilemma might be resolved by a programme whereby Manxmen sent to

the United Kingdom for higher education at Manx government expense would be bound to return to the island for a term of years after their training.

The *Survey* found, too, that the quality of industry in the island is hardly higher than the men it so grudgingly employs, being feeble in the face of competition, dangerously complacent, undernourished as to markets, paltry of organisation and tardy in settling its debts—this last an all too common failing of the island's businesses and even of its government departments. All these diseases are traced to basic maladministration, and the suggestion was made that an industrial officer, with exceptionally wide powers, should be appointed to deal with industrial policy. This, at least, has now been accomplished, and the appointment is already bearing fruit in the changed attitude of some prospective immigrant firms.

The information the firms get, however, is not greatly encouraging. Power and transport charges are high, the insular market is hostile to Manx goods (the Manxmark, which is not a form of currency but merely the equivalent of the BSI's Kitemark, has done little to make it friendlier) and the transfer of capital is difficult. But, on the other side, labour relations are good (there has been no strike since 1918), finance from island sources is freely available, taxes low, allowances good; and factories and houses can be quickly provided. Nevertheless last year eight of fifteen firms gave it as their considered opinion that if they had their time over again, Manx would not be their choice of development area.

SOME industries should find considerable inducements to development in the island. But they will have to be highly specialised (electronics, plastics and cigarette manufacture have been suggested) and the most hopeful move may be towards the establishment of self-contained production units of existing United Kingdom firms whose expansion at home is hindered by lack of space. In the past three months several new ventures have been started, some to exploit indigenous materials (such as prawns and scallops), others more conventionally industrial. Whether any of them is enough to close the gaps in the Manx economy is open to question.

The main industry must naturally continue to be tourism; but even this is declining as more Britons manage to go really foreign for their holidays. A liberalisation of the licensing laws (Sunday opening was introduced only two years ago) and the plan for a full-scale casino (presently suspended by the Legislative Council) may bring about a temporary revival, but it is clear that some other way of making a living will have to be found if the island is to maintain its jealous independence. Its independence (some would say its insufferable insularity) even stretches to a general reluctance to follow the United Kingdom into the common market—perhaps in the hope that such exclusiveness will bring to the island all the benefits to be derived from EEC without the concomitant obligations. Pursuit of this course, shortsighted as it is, may eventually lead to some good, however, for Manx could not exist for long outside a British tariff barrier and would be forced to apply for full integration in the United Kingdom in order to survive. Or possibly supplication might be made, as an underdeveloped area, to the United Nations. It is either that or a return to a pastoral existence, sans trade, sans tourists, sans industry, sans everything.

NOTES OF THE WEEK

CONGO

Law of the Jungle

SIR ROY WELENSKY is right. Congo politics became subject to the law of the jungle fourteen months ago when the Belgians left, the army went berserk, and Mr Tshombe, followed by other provincial leaders, proclaimed the independence of his bit of the country. The larger jungle that is world opinion has long acknowledged this, and seen and feared the dangers of a central African civil war in which the several armies might be supported by several different outside powers. That, after all, was why the world sent the United Nations to keep the peace and to set the Congo on its feet again.

What gave the world a shock on Wednesday was the unexpected sight of its own supra-national force in action, and the discovery that the spectacle was not so unlike that of other denizens of the political jungle in action at other times and places. Given the existence of the United Nations, and the existence of crises which the national powers cannot handle on their own, the emergence of this new power has long been on the cards. It is the sight of it in violent action that has jarred.

If this leads to harder and more realistic thinking about how the international organisation is to work in other crises—there is one coming in Berlin—so much the better.

It is the degree, not the kind, of force used by the UN that has caused the shock-wave. The UN army in the Congo has brushed with Congolese soldiers before; indeed, more than eighty UN soldiers have lost their lives in such actions. But Wednesday's battle, resulting in more than 40 Congolese dead on the streets of Elisabethville, was of a kind that, naturally, has deeply disturbed many people, whatever they think of the arguments for deposing the *de facto* government of Katanga. This is so in spite of the immense patience shown by the UN until now (in the face of Mr Gizenga, Dr Nkrumah, Mr Khrushchev, Mr Tshombe, Mr Munongo, Sir Roy, *et alii*); in spite of the fact that, by all accounts, the Katanga forces shot first on Wednesday; of the danger that did exist of civil war; of the undoubted ability of Mr Hammarskjöld and his lieutenants to justify every major UN action in the Congo by reference to the mandates they had, in due form, received.

But was the UN right politically? Katanga has at least as much right to assert its independence as have, say, Wales and Nyasaland; this does not mean that Mr Tshombe had the mandate to do it, and the speed of his collapse suggests that he had not. The relations between the various parts of the Congo (at best an artificial creation)

have yet to be finally settled. The point is that when the settlement is made (be it through a central government, a federation, or a confederation) it must be made to last. Jungle law was bound to reign in central Africa as long as the Congo's major source of wealth was detached from the rest of the country, by, as most Africans believed, white manipulation. Peace was bound to be broken as long as the war against the Baluba tribesmen continued in Katanga.

Will dragging Katanga back into the Congolese fold change any of this? It is on the answer to this question that judgement of the UN's action will finally be based. On balance, and in spite of the hard feelings, the chances of creating a Congo strong enough to stand on its own feet seem better today than they have looked at any time since the UN went in on July 15, 1960. But the time to proclaim success will not come until the Congo has a government in power strong enough, representative enough, and stable enough to keep out jungle law and offer no temptation to foreign predators. It will then be time for the UN to withdraw and balance the books of the whole operation.

WAGE PAUSE

Tanker Load of Trouble?

IT seems increasingly likely that the first major battle against the wages pause will be fought by Mr Cousins's lorry drivers some time after the next meeting of the Road Haulage Wages Council on September 21st. Two other wages councils have been asked by the Minister of Labour to reconsider wage awards submitted to him after the Chancellor's economic statement on July 25th. This week the bigger of them—that dealing with 100,000 industrial and staff canteen workers—responded to Mr Hare with a flat "Won't." The council's members said that they formulated their original recommendation on June 9th, even though they did not submit it to him until after July 25th; and that by yielding to his pressure they would destroy the "confidence and goodwill" on which wages councils depend. In other words, the council did not see why it should incur the odium of enforcing the pause, and threw the responsibility back squarely into the lap of the Government. Presumably Mr Hare will respond by refusing to make the canteen workers' award statutorily obligatory for all employers; but canteen workers do not seem well-placed to strike. The Road Haulage Wages Council

formulated a provisional recommendation for a wage increase for its lorry drivers on July 6th, and it meets next Thursday to decide whether to submit it to the Minister. If it withdraws its provisional recommendation, Mr Cousins's men (and, in Scotland, the Scottish Horse and Motormen's Association) might strike immediately. If it decides to send on the recommendation to the Ministry—and the council's chairman is Mr Guillebaud—there might (on the analogy of the canteen council) be a postponement of nearly two months while Mr Hare goes through the procedure of sending letters back to it. But all through this period Mr Cousins would be beating up his drums of war.

Although this wages council's recommendations apply directly only to the 240,000 workers employed by private haulage concerns, the wages of workers in many kinds of road transport are by custom moved in accordance (eventually) with them—and Mr Cousins will not hesitate to call any lorry drivers he can command out in support. In particular, he believes that he has got the system of petrol and fuel-oil distribution tightly under his control. Although the largest industrial consumers often get their deliveries of petroleum products by water or rail, a national strike of Mr Cousins's men on the petrol and fuel oil lorries probably could seriously damage industrial production, as well as threaten to immobilise the private motorist.

Should this happen, the Government would be almost bound to call in the military to maintain deliveries; it would be unlikely to allow a relatively small group such as the tanker drivers to seize the whole country by the short hairs in the course of a dispute about a wages council award that did not directly apply to many of them. But if the soldiers appeared, would other unions call their members out in sympathetic action? Or would they once again leave Mr Cousins stranded on a lonely limb? There are still lots of "ifs" and "buts" in all this, but it may be the issue which British politics and industrial relations this winter are going to be largely about.

BERLIN

Ides of September

MID-SEPTEMBER was the time when, as it seemed a few weeks ago, circumstances would at last be ripe for the West to propose negotiations on Berlin. Mr Llewellyn Thompson, the American ambassador in Moscow, has made his sounding of Russian ideas on the subject, and has sent his report to President Kennedy. The western foreign ministers were considering this report in Washington

The Economist

SEPTEMBER 14, 1861

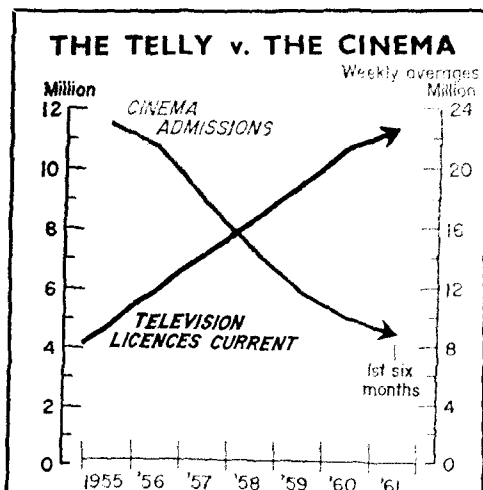
THE WAR'S TRUE CHARACTER

It is true enough that it was the aim of the Republican party which elected Mr Lincoln to prevent slavery from spreading into the unsettled Territories, unless by the deliberate resolve of those Territories when erected into States. It may be true that the success of the North, if complete and unconditional, would enable them to confine slavery within the 15 States which have already adopted it, and might thus lead to its eventual extinction,—though this is rather probable than certain. It is no doubt honourable to Mrs Stowe, and to that earnest and devoted abolition sect of which she has in Europe been the stirring mouthpiece,—that they are determined to make the present disastrous civil struggle an anti-slavery conflict and to convert what was a war for political supremacy into a war for negro emancipation. If they can do so—if they can thus educe good out of evil, without resorting to means which look very like doing evil that good may come—we shall rejoice most earnestly at the beneficial result. But it is to say the least something premature to require that we should from the outset have recognised in the contest a character which, even up to the present hour, they have failed to imprint upon it. Unprejudiced spectators have repeatedly deplored as the inherent weak point of their cause that there was no distinct or noble moral purpose stamped upon it. We have heard abundance of misty declaration about patriotism and freedom on both sides,—and not more definite on one side than on the other; but it has been impossible to say what great principle was in reality at stake. And there is really something staggering in the audacity which now demands our sympathy for the Northerners on the ground of that very moral grandeur in their cause, the absence of which has prevented our sympathy from being enlisted on their side. Let the conflict once become avowedly and honestly and irretrievably a war for the extinction of Slavery, and we suspect the enthusiasm and excitement of Great Britain would rival that of the Americans themselves.

while *The Economist* was going to press. The west German election, before which it was thought it might be indelicate to say anything about negotiations, takes place this Sunday, September 17th. The General Assembly of the United Nations, where the foreign ministers of the United States, Russia and Britain (though not, apparently, of France) will find themselves within easy conversational range of each other, convenes on Tuesday. All the cues have come on time; but the proposal to negotiate has not. Apparently the rest of the West has not yet convinced the French government that the proposal should be made.

Last Sunday's speeches by Mr Khrushchev in Stalingrad, and Mr Gomulka in Warsaw, showed that the leaders of the communist world, like most of their counterparts in the West, are aware of their people's worry about war. Of the statesmen principally concerned with the Berlin problem, only the Canute-figure of General de Gaulle now stands motionless against the rising feeling that there ought to be negotiations. Whether or not the ideas for a solution put forward on page 1039 are ever discussed with Mr Khrushchev therefore depends on two things. One is the ability of the United States and Britain either to shift General de Gaulle from his present attitude or else to by-pass him. The other is the willingness of Mr Kennedy and Mr Khrushchev to stop qualifying their offers to negotiate with the condition that the other side must make the first move.

As Mr Kennedy told his visitors from Indonesia and Mali on Wednesday, a chance to break the deadlock is provided by the presence of Mr Rusk and Mr Gromyko at next week's General Assembly. Both Mr Kennedy and the Soviet government have now indicated their readiness for a discussion of the Berlin question between the two men. Their talks may lead on to further meetings, if possible with France taking part, if necessary without. Last year's sum-



The number of licensed television sets is now $2\frac{1}{2}$ times what it was six years ago; cinema-going six years ago was $2\frac{1}{2}$ times what it is today. The chart shows the steep increase in the one and the steep decline in the other; but both trends have tapered off somewhat this year.

mit meeting was delayed by the forces opposed to negotiation, including General de Gaulle, so long that when it was finally held in Paris it was too late to do any good. This year, too, time is beginning to look a little short.

COMMUNIST BLOCK

Polish Fears

THE Warsaw pact powers have responded to Mr Khrushchev's bomb-rattling by openly alerting their conventional forces. After a two-day meeting in Warsaw on September 8th and 9th, the military committee of the pact announced that "practical measures" were to be taken for the "further strengthening of the defences of the Warsaw treaty states." After the meeting, the Bulgarian defence minister said that the pact's armed forces were in a complete state of readiness, while Mr Gomulka told the Poles that all members of the pact must strengthen their defence forces.

Whatever the military significance of all this, it is no doubt intended to play a part in Mr Khrushchev's war of nerves against the West. Whether it will have done eastern European nerves any good, is hard to say. The resumption of Soviet nuclear tests seems to have caused a wave of uneasiness, particularly in Poland, where it has plainly caused profound disquiet. There has been heavy buying of foodstuffs and other goods by people who, in Mr Gomulka's scathing words, "have not shown proper backbone." Since the Soviet resumption of tests, first the foreign minister, Mr Rapacki, then the defence minister, General Spychalski, and finally, last Sunday, Mr Gomulka himself, have made speeches justifying the Soviet action and assuring the Poles that there will be no war.

It is easy to understand the sensitivity of the Poles, who suffered so much from the Germans in the last war and who are now taught to fear that Bonn intends to win back the territories east of the Oder-Neisse line. For the Poles the present crisis over Germany is intimately linked with the integrity of their own frontiers. When Mr Gomulka told his audience last Saturday that no German invaders would again step on Polish soil, and that only a German peace treaty would "sanction, fully and finally" the Oder-Neisse frontier, he was listened to as a national, not a party, leader. It is perhaps just because a war about Berlin would make much more sense to the Poles than to most other people, that they are so afraid it may happen.

HANDLING DEMONSTRATORS

Heavy Hand

THERE is nothing intrinsically illiberal in imposing one-week or even two-month gaol sentences on willing martyrs who refuse to agree that they will abide within the law about obstruction of the

highway and other matters; the 300-year-old statute of Edward III used against Lord and Lady Russell and other nuclear disarmers last Tuesday is a perfectly sensible power for the authorities to have. But it is a power that should always be used with reluctance—against any political demonstrators, let alone against 89-year-old ones—and according to coolly calculated rules of discretion. Generally speaking, it should be used against pugilists rather than Quakers; in cases where a breathing space might give time for tempers or excitements that could lead to violence to cool; or, sometimes, when its use might prevent a minority from causing a lot of law-abiding citizens some grave inconvenience (graver, say, than the blockage of traffic through Parliament Square on a Sunday afternoon). But it is a less sensible weapon when its main effect is that the authorities seem to be challenging nonagenarians and teenagers to a game of chicken.

Wednesday's action by the police commissioner, in using the Public Order Act of 1936 to ban any meeting at all on Sunday by Lord Russell's campaigners in central London, was in a sense a logical follow-up to Tuesday's court proceedings. Quite apart from the point that there will also be a Battle of Britain rally in London on Sunday, it therefore seems less open to criticism in itself. It should have the considerable advantage of enabling the police to move away bystanders who would otherwise come just to gawk. But, inevitably, the campaigners have said that they will defy the ban and they claim to be confident that more than 10,000 people will invite arrest by thronging into Trafalgar and Parliament Squares. The propagandists who think they are now running the march do not automatically inspire credibility, and it is impossible to guess how many people really will turn up and in what mood. But if the whole procession does prove to be more than a bedraggled trickle, the police's task will not be made any easier by the practical threat that is obviously raised by Tuesday's "martyrdoms": that the demonstrations might now fall clumsily into the hands of purely political elements attached to Lord Russell's campaign (the sort of people who shouted "Hitler" and "Fascism" at the remarkably good-tempered magistrate on Tuesday), and of callow teenagers organised by second-team demonstration marshals, while the movement's more Gandhi-like leaders sit in Brixton gaol.

TRADE UNIONS

Mr Hare's Buck

MR HARE and Mr Woodcock kept a rigorous silence after their meeting this week, divulging between them only the not very amazing fact that the affairs of the Electrical Trades Union had come under discussion. But obviously the question of union elections rated more than a passing mention: there is a strong rumour that Mr Hare suggested that one of the best services

the TUC could render to its members would be to draw up a set of model rules for their conduct. This would relieve the Government from the political embarrassment of appearing to "interfere" by new legislation with the unions' autonomy at the same time as it is fighting them about the wages pause; but it would also lay on Mr Woodcock the immense difficulty and embarrassment of preparing model rules which many of the 180 constituent unions of the TUC would regard as a personal insult. So the TUC seems unlikely to accept any such invitation in full, but it will no doubt say that the Government must not interfere either.

It is rumoured that one right-wing union leader, after last week's debate at Portsmouth on the ETU, was heard to boast that such a state of affairs could not arise in his own union, since he had sensibly done away with elections altogether. Apart from this rather extreme case, another thumping absurdity was brought to light this week with the invalidation of an election in the Amalgamated Engineering Union in which a left-wing personality had been fighting to unseat a right-wing member of the union's executive. The election was apparently declared void on the grounds that "undue influence" had been used on behalf of the left-winger, in the form of recommendations in his favour from local eminences in the union. An election in which canvassing is ruled out is surely worse than no election at all; this rule may do much to explain why over 90 per cent. of the AEU's membership often does not turn out to vote. But such are the traditions with which the TUC would have to contend if it were itself to try to draw up a model code.

It is now crystal clear that the proper course is to legislate to allow the Registrar of Friendly Societies, or some other official, to vet the rules of all registered unions. He need not and should not impose complete uniformity, nor say that all unions must at once adopt one particular system of satisfactory arrangements for having the votes counted by an independent body (such as the system operated by the National Union of Mineworkers). But he should issue annual reports about which of the various systems he considers to be the best ones to move toward, and meanwhile have the power to make inquiries and issue regulatory orders when and if ever he finds that any union has committed a fraud upon its members (in election procedures or any other matter). Mr Hare should regard it as his duty to introduce such legislation in the next session of Parliament.

BRITAIN AND EUROPE

Mr Heath's Team

TO the accompaniment of rumblings from Accra, where some of the Commonwealth finance ministers, assembled from Tuesday to Thursday, once more



Negotiator:
Sir Pierson Dixon

voiced their misgivings about the possible effects of British membership of the common market, the Government has named the members of the team that will negotiate with the Six. Mr Heath has, of course, already been chosen as the minister who will lead it and be, when the chips are down, the responsible man; this is his great chance in a career that was judged bright by everybody even before he started upon it. Now Sir Pierson Dixon, ambassador to Paris since last year, and until then British representative at the United Nations, has been named official head of the delegation. Sir Pierson Dixon will remain ambassador, but most of his day-to-day duties will be carried out by the British minister in Paris, Sir Anthony Rumbold, a senior diplomat. The deputy head of the team will be, imaginatively, Mr Eric Roll of the Ministry of Agriculture (who, before the war, was professor of Economics at Hull). Other leading members will be Sir Roderick Barclay of the Foreign Office, Mr G. R. Bell of the Treasury, Sir Henry Lintott of the Commonwealth Relations Office, Sir William Gorell Barnes of the Colonial Office, and Mr G. H. Andrew of the Board of Trade.

The list is, on balance at any rate, very encouraging. In Paris Sir Pierson Dixon has at least had the opportunity to fathom the French mood; at the UN he earned himself the reputation of a skilled, though a tough, negotiator. Not less important, Mr Eric Roll's fertile mind and his wide and detached international experience are already providing an abundant flow of ideas on the central question of agriculture; and most of the other men named are distinguished by European sympathies and background. Sir Henry Lintott, for example, was from 1948 to 1956 deputy secretary-general of the Organisation for European Economic Co-operation. At home, and crucially, another good European now, Sir Frank Lee, Joint Permanent Secretary to the Treasury, will co-ordinate the work of the departments. He will be responsible to Mr Heath, who in turn is responsible to the Prime Minister himself.

Though the British team has been chosen, the Six have not yet decided how to negotiate and who shall do it. The Commission examined the British application when it met on September 6th, but the comment it is passing to the Council of Ministers does not, apparently, go far. There are reasons for this caution. But it does not seem designed to give the Commission the prominent place it desires in the talks or to help to get the negotiations going with the needed speed. The six governments,

by contrast, have clear, though various, views about both the form and the location of the talks, which will no doubt be expressed when the Council of Ministers meets on the 25th. The French want the talks to be conducted by the governments rather than the commission—in Paris. Everyone else prefers Brussels, but the French have often had their way in the past.

NORTHERN RHODESIA

Open Door

MR KAUNDA and Sir John Moffat, the liberal leader, can offer themselves mild congratulations. Their visits to London and the Colonial Office during the past fortnight seem to have borne fruit, though it is still far from ripe. After meetings between Messrs Macmillan, Sandys and Macleod at the beginning of the week the Colonial Office announced on Wednesday that while it was not prepared to negotiate under the threat of violence, it would be ready, once order had been restored, to consider "any representations within the area where divergences of view persist" over the proposed Northern Rhodesian constitution.

This seems to mean that the government is prepared to modify the objectionable obstacles to an African nationalist parliamentary majority. Sir Roy Welensky, believing that it does, has protested. Even so, the more militant of the Africans may feel that it would be risky to drop the policy of violence now, just when it seems to be getting results. But it is to be hoped that this will be seen as a real success for Mr Kaunda's resolutely pacific leadership, and do something to efface the damage done to his image by Mr Macmillan's unfortunate letter of August 30th, which blamed him for encouraging disorder. Mr Kaunda has in fact done more than anyone else to try and minimise the consequences of African exasperation at the shufflings of the British government's Rhodesian policy, though the local authorities have done their best, by restricting his movements, to make his efforts barren. If the Prime Minister now admits that Mr Kaunda is the most reasonable leader he is likely to get to deal with, this is only justice, and not a moment too soon. What would be sensible, and in their own best interests, would be for the United Federal party in Rhodesia to admit the same.

TUNISIA

Bourguiba Rides Again

A MID general astonishment, especially in Paris, Mr Bourguiba has climbed down from the limb he so conspicuously straddled two months ago when the Bizerta

Appointments, Business and
Personal notices and other
Classified Advertisements
pages 1111 and 1112



conflict erupted. The Tunisian president, it is true, has never been a believer in ultimacy, the fallacy that the eleventh hour ever arrives. All the same, it is remarkable that he has felt himself strong enough to concede a crucial point to the French, switch off the clamour of his own public opinion, dare the displeasure of his recently wooed and won non-aligned associates, and, in short, resurrect bourguibism, the only genuine brand of pro-western neutralism known to exist, which was thought to have died with the Tunisian demonstrators at the battle of Bizerta in July.

Reasons for his change of direction (announced at a press conference on September 8th) are not hard to guess. As long as the quarrel with France lasts Tunisian schools, one of the country's few resources, will have difficulty in finding teachers of the requisite quality. No rent will be paid for use of the Saharan pipeline that passes through Tunisian soil. At Belgrade Mr Bourguiba cut a less impressive figure, and found the neutralists less helpful, than he had hoped. He may even have begun to feel that there is no point in encouraging his own extremists by playing their game. *Le Monde* further suggests that he does not want to be the only Maghreb leader on bad terms with France at a time when the Algerian negotiations may be reopened, and when the King of Morocco has publicly stated that his relations with Paris are excellent.

So on the strength of a message reported to have been sent from Paris, and General de Gaulle's public statement of September 5th that the French had never contested Tunisian sovereignty over the Bizerta base, which they would one day have to leave, President Bourguiba has felt able to admit the French contention that Bizerta cannot be handed over while international tension lasts—which he equates with the Berlin crisis. Such an admission makes it very hard to understand what the fighting was about.

TEACHERS' UNIONS

Striking Out?

THE National Union of Teachers is a body whose policy now seems fated to blow hot and cold. The times when it is most

EIU Quarterly Economic Reviews

covering 57 countries or groups of countries

Out next week:

MIDDLE EAST OIL AND THE ARABIAN PENINSULA

The report covers: developments in oil output, the relations between the oil producers and local governments, and moves towards new agreements; pipeline construction and other ancillary developments; the circumstances of Iraq's claim to Kuwait, and regional reactions to it; a review of current developments in Saudi Arabia, Bahrain and the other Gulf States; constitutional developments of Aden Colony and the Federation of Arab Emirates.

Further details from:

THE ECONOMIST INTELLIGENCE UNIT LTD.
22 Ryder St., St. James's 60 East 42nd St.,
S.W.1 N.Y. 17
Tel. No. WHITEhall 0353 Tel. No. MURRAY-Hill
EXT. 133 7/6850

NOTES OF THE WEEK



Sir Ronald Gould
(See page 1054)

likely to blow hot are after some meetings of its emergency committee and full executive (such as the one that took place last weekend) and especially after a larger delegates' conference (such as the one that called for strike action last June 17th, and will now convene again on October 7th). The balance of power at these conferences now lies surprisingly far to the left; as in other unions, it is the left wingers who turn up most frequently at the meetings where delegates are picked. The cooler winds have hitherto blown from the union's top leadership and from the rank and file. The first source can no longer be relied upon as a tempering force. Sir Ronald Gould and his senior lieutenants are undoubtedly bitterly hurt, not so much at the details of Sir David Eccles's latest pay offer (which are better than most teachers think, see *The Economist* of last week) but at the way that Sir David has overridden the "free negotiating machinery" of their Burnham committee. Sir Ronald will have no truck with those who have pointed to the mounting inconsistencies of Burnham: which are, first, that it has been a lop-sided piece of collective bargaining machinery so long as the chief paymaster (the Government) has not sat on it, and, secondly, that the form of its membership has increasingly given too much weight to the interests of the large number of young women who will serve as teachers for only a few years, and too little to the interests of those who serve a lifetime in the profession.

As a result of these varying resentments, NUT members are now being urged into a "plan" of protest action that looks weirdly unprofessional, not just in the snob sense but in the sense of being inexpert. The first demonstration is scheduled to be a general one-day school strike when Parliament reassembles (October 24th) so that thousands of teachers can turn up as lobbyists at Westminster; no doubt this—and similar action planned by the National Association of Schoolmasters for next week—should be easily organisable but what good is a one-day stoppage meant to do? It is proposed, secondly, that teachers should refuse to co-operate in the school meals service after November 1st; compulsory bans on extra-mural activities of this sort are bound to be differently interpreted by different people, and thus cause strains in staff relations between keen NUT members and the rest. Thirdly, it is hoped to take more extended strike action in particular local areas; but if these are to be backed by union funds three quarters of teachers must agree in a referendum, and it is by no means certain that that percentage of support can be secured.

THE ECONOMIST SEPTEMBER 16, 1961

GHANA

More or Less Equal

AFRICANS, trying to prove themselves as good as anyone else, sometimes prove themselves as bad. Ghana, which started it all, is in just such a situation. Its president, Dr Nkrumah, has once again asserted the black man's international status by acting—along with Mr Nehru—as peace messenger from Belgrade to the Russians last week. Mr Modibo Keita, of Mali, has been in Washington this week proclaiming the African presence. Dr Nkrumah has been fêted in a dozen communist capitals; as many Commonwealth finance ministers have made the trip to his own capital to be the guests of his finance minister and to discuss (as a matter of primary importance) European economic alignments. The Osa-gyefo has enjoyed plenty of dignity.

This is all to the good. African politics must for some years to come centre around the claim to negro dignity first successfully staked by Dr Nkrumah himself when he led Ghana in independence in 1957. The irritation, for the rest of the world, lies in the fact that Dr Nkrumah and his people do not yet seem to have grasped the extent of their global acceptance. They fear colonialism, although, in their own land, it is long buried. For Ghana itself the most damaging international manifestation of this lies in the sort of language used by the government-backed *Accra Evening News*. This newspaper has been raising its voice in anger at foreign (including British) criticism of Ghana; some sizzling passages from its editorials indicate a lack of self-confidence that no Ghanaian need feel.

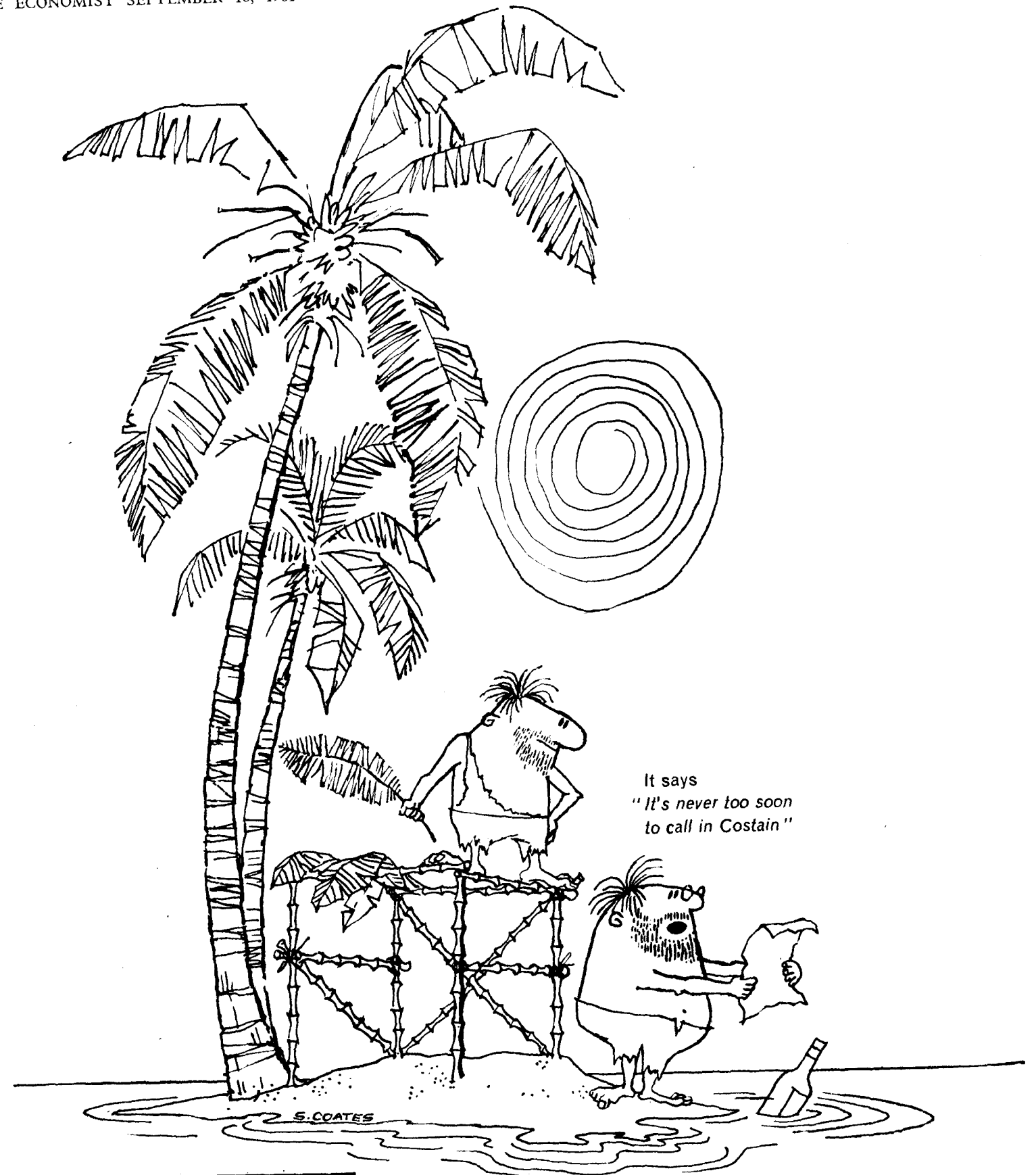
A similar lack of self-confidence is evidenced by the degree of legislative force used by the Ghana government to crush the strike of railwaymen and dockers that began ten days ago in protest against an "austerity budget" that severely raises the level of taxation. The budget itself was the result of urgent economic planning: Ghana cannot continue to spend as lavishly as it does on prestige projects (like airlines and aid to other African countries) as well as support the Volta River power and aluminium scheme, without placing a strain on its economy and the standard of living of its people. This the Ghanaian government can do if it wants. People overseas have to understand the pressing psychological reasons behind such economics, and behind the tempers that flare up when outsiders sound sceptical, or when dockers appear to hold up progress.

NORWAY

Labour's Mishap

PROPORTIONAL representation does not produce stable majorities." This psephological maxim must be receiving fresh consideration in Oslo after the unexpected result of Monday's general election. In the 1957 election, the Norwegian

THE ECONOMIST SEPTEMBER 16, 1961



COSTAIN

BUILDING & CIVIL ENGINEERING CONTRACTORS

BRISTOL • CANTERBURY • COVENTRY • GRAYS • MIDDLESBROUGH • PLYMOUTH
AUSTRALIA • CANADA • MIDDLE EAST • NIGERIA • RHODESIA • SOUTH AMERICA • WEST INDIES

RICHARD COSTAIN LTD • 111 WESTMINSTER BRIDGE ROAD • LONDON S.E.1

People buy
du MAURIER
 for positive
 reasons—
 sensible full-size
 cigarette,
 perfect filter tip,
 an exceptionally
 good blend of
 the finest
 Virginia tobacco



Twenty Exceptional Cigarettes
 for 4/6

The newspaper you read has never mattered more

The more the world demands understanding, the more difficult it becomes to understand. At this moment, when so much depends upon your newspaper, can you do with anything less than The Times itself?

The Times equips you to understand because The Times reports the news straight—not made agreeable by omissions or entertaining by additions. It reports the news completely. Short of attending every session of Parliament and every significant law case in person, reading every important government report, or being present at every major news event, you cannot find out more about the world each day than by reading The Times.

The Times reports the news accurately. The account you read in The Times today is a historian's record tomorrow.

Upon this structure of facts The Times throws the light of every shade of opinion. You will find the opinion of The Times itself conveniently labelled as such. You will also find, on its letter page, a most vigorous and varied exchange of views by other people.

If you take the world seriously, you should take The Times.

Read
THE TIMES
 tomorrow

system of PR gave Labour a slim, but absolute, majority, with 78 seats in a Storting of 150; the four non-socialist parties got 71 seats between them and the Communists one. This week, Labour got only 74, the Communists none at all, the four parties of the Centre and Right 74; but the newly formed leftish Socialist People's party with 2.3 per cent of the votes, won two seats and now holds the balance—though only in a limited sense. Mr Gerhardsen, the prime minister, was left to decide whether to form a minority government or to seek an alliance with, say, the Liberals or the Agrarians. It is unlikely that he will seek accommodation with the SPP, which was partly formed by those who were ousted from the Labour party for their views: their platform opposed the Nato connection and called for unilateral disarmament by Norway.

The bargaining position of the two SPP members is in fact much less potent than the bare figures suggest. The four non-socialist opposition parties—Conservative, Christian People's, Agrarian, and Liberal—have never been able to form a coalition among themselves, and it is even more unlikely that they will either find a common cause with the SPP on domestic policy, or embrace its particular brand of pacifism.

Despite this, the election has given the government a nasty shock. In a quiet campaign, many local Labour organisations approached the election in a complacent mood born of Labour's twenty-five years in office. Mr Gerhardsen has admitted that the party now needs to take a good look at itself. Like the Irish MPs in the House of Commons at the turn of the century, the two SPP members will be thorns in the flesh. There will be some hot words in the next Storting.

MONTY

Principled in Peking

LORD MONTGOMERY in Chinese company cannot fail to alarm. His dinner companion in Peking a few days ago was his military co-equal, Marshal Chen Yi, the Chinese foreign minister, and in a warm glow of soldierly recollections the field-marshal put his name to three principles designed to ease world tensions. If the New China news agency has quoted them aright, these were:

There should be only one China, whom everybody recognises; there should be two Germanies, whom everybody recognises; and all armed forces everywhere should withdraw to their own national territories. Lord Montgomery's "principles" are not all equally contentious, but they all, at the moment, suit the communist book. To find a parallel, one must perhaps imagine Marshal Chen Yi, as a guest of the British Government, coming out at a Guildhall banquet for the reunification of Germany by means of free elections, the neutralisation of eastern Europe and, say, the recognition of Formosa as an independent republic. General Eisenhower's former deputy is,

of course, entitled to his views; it is his choice of a forum that is puzzling, perhaps to his hosts as well as to his fellow countrymen. If the Chinese are puzzled, however, they may be trusted not to let on. The views of a celebrated western commander are valuable property, even though his three principles can, if one is sufficiently ingenious, be interpreted in more ways than one.

TOWN PLANNING

New Garb Nationalisation

THE latest fusillade of Labour ideas about the planning of new development comes from a group report sponsored by *Socialist Commentary*. It is an excellently written report with some persuasive minor suggestions. The group contends that nothing effective will be achieved until one ministry takes over the central planning of communications and industrial location as well as land use; and until regional authorities are set up to pick out major sites for development (including 12 larger new towns in south-east England) and to preserve a broad backcloth of countryside in place of the present rather finicky green belts. These ideas make very good sense so long as it is recognised that any authority planning industrial location must understand industrial, as well as purely social and aesthetic, requirements.

The controversial core of the report, however, is the old panacea of the nationalisation of all freeholds in land, dressed up in new garb. It would take effect through the imposition of a "life" (maximum 80 years) upon every building, after which it would revert to the planning authorities on payment of 50 per cent compensation for the site value and nothing for the building; the authorities could then grant new 80-year leases or where appropriate extend a building's life. Politics apart, one snag with this scheme is that it would amount to planning for the next generation but one, rather than for the 20-year period with which the group is concerned. Many old buildings would presumably be given a short life, but even so twenty or more years would often elapse while buildings rotted away in the absence of any incentive to keep them up. Moreover the suggestion that owner-occupiers should get full market compensation for both land and buildings—a palpable political sop—would probably ruin the scheme anyway. One cannot set up effective planning on the basis of being relatively beastly to every landlord and soft-hearted to every other houseowner.

The scheme might work better with undeveloped land, where the planning authority would compensate owners at existing use-value plus an incentive bonus, and issue the developer with a new 80-year lease. This arrangement avoids some of the pitfalls in the official Labour plan, but in general neither plan offers a really workable solution to the problem of how to plan and encourage (or at least not discourage) development effectively without inflating land values.

Someone on the Left should investigate a simpler two-part solution: wider public ownership in redevelopment areas and new towns, coupled with the inclusion of land in a general tax on capital gains.

BIRTH CONTROL

No Longer Taboo

NEARLY twenty years ago, when a committee was appointed to make the first large-scale study of family planning in Britain, on behalf of the Royal Commission on Population, its members were convinced that only doctors could interview the women (preferably their patients) because the questions were so intimate. "Clearly, to attempt house-to-house questioning on a national scale was to foredoom the enquiry to failure." An article in the current issue of *Population Studies* reminds us of these apprehensions in giving the results of a new inquiry, undertaken by the Population Investigation Committee, in collaboration with Social Surveys (Gallup Poll)—and successfully carried out by exactly this method of house-to-house questioning.

Some 2,350 married people were interviewed and of these, only 13 refused to give their opinions. The attitude towards birth control varied, as one would expect, according to age. Half of those married in the nineteen-twenties expressed "full approval," this proportion gradually increasing to 70 per cent of those married in the nineteen-fifties. Among recently married non-manual (that is, professional, commercial, etc.) workers the proportion expressing approval was as high as 78 per cent (compared with only some 60 per cent of the youngest manual workers). Protestants, of course, were much more likely to express full approval than Roman Catholics. Even so, nearly 42 per cent of Roman Catholics who were recently married expressed approval, compared with only 17 per cent of their oldest co-religionists.

Those who express approval or disapproval of birth control in principle are not necessarily one hundred per cent in favour of, or opposed to, practising it. Of all those giving information on the subject, 70 per cent of the recently married have at one time used birth control; subdivided into the approvers and disapprovers of the principle, the proportions are 82 and 30 per cent. Eventually both figures will be bigger, because some of the recently married start to limit their families only after the birth of one or more children. Birth control, it should be pointed out, was used throughout the survey in the widest sense, only sterilisation and abortion being omitted—i.e. besides the use of mechanical means, it included restricting intercourse to the "safe period," or abstaining altogether, or prolonging lactation. The extent to which the different methods are used will be the subject of a later article in *Population Studies*. But this one already shows the extent to which the taboo on discussion of the subject has broken down among younger married couples today.

LETTERS

Kenya

SIR—In your issue of September 2nd you discussed the present situation in Kenya. The two essential matters, you said, which called for an early response from London, were Mr Kenyatta's status and the acceleration of the process of reaching independence. It is difficult to see why you should have had even a quiver of worry on either score. African nationalism in Kenya is totally victorious. Since you wrote, it has become clear that Mr Kenyatta will walk in glory into the Legislative Council within, at the most, a few weeks, and that *uhuru* will be granted during next year.

However, you referred in passing to other matters which were, you said, delicate but of less importance. The matter of the personal security, the livelihoods and the lives of the European farmers in Kenya is neither so delicate nor so unimportant that it cannot be mentioned. I realise that, on more than one occasion, you have drawn attention to it, and I am grateful. Now, however, these farmers, who are still British citizens, are facing disenfranchisement, financial ruin and individual despair; and it is essential that they should not be forgotten, particularly by the Government whose policies have brought them to this plight.

There are two aspects of their forthcoming fate which all of us here in Britain would do well to ponder. First, it was announced at the end of August that some British farmers had formed an organisation to help others who, as a consequence of Kenya's economic collapse, cannot realise their assets, to raise enough cash to emigrate to Southern Rhodesia or South Africa. The secretary of this organisation said that it refused to acquiesce in the economic trapping of any European in Kenya. This is only, after all, to exercise a fundamental human right which, to our loud applause, East Germans exercised until August 13th—the right to leave a country in which life is being made unbearable.

The African political leaders' reactions were significant, though hardly helpful. Mr Mboya warned would-be emigrants, "We shall hunt you out"; Mr Shikuku, the secretary of KADU, called for the immediate expulsion of the organisers, as prohibited immigrants, but not, of course, for the expulsion of those whom these organisers want to help. After all the African leaders, just like Herr Ulbricht in East Germany, want to be certain of a supply of skilled labour. But *The Economist*, I am sure, would agree that they ought not to have it on these terms, and that it ought not to consist of British ex-servicemen, their wives and their children.

Second, there is the Land Freedom Army, a terrorist body which was belatedly proscribed a few weeks ago. It preserves, and in practice is likely to extend, the outlook and customs of Mau Mau. It numbers,

according to my latest information, some 1,500; these have now joined, *en bloc*, KANU's Youth Wing. One of its aims, after *uhuru*, is to stage "war criminal" trials of those who opposed Mau Mau.

These are facts which I have stated. They cannot be denied by anyone in authority, in Britain or in Kenya. We have watched this tragedy unfolding for many months past. Against the vast background of revolutionary change in Africa, it may to most people seem small. I see it as crucial, not only for the British minority in Kenya; it concerns us here in Britain. These are not strangers. These are our brothers; they went to school with us, they soldiered alongside us. We owe them a simple, basic human loyalty. The real challenge in this situation is to ourselves. If we are so devoid of any sense of moral responsibility, so callous and so lacking in compassion towards people to whom we should be linked by these strong ties, it is impossible to resist the conclusion that we are heading very rapidly for a long radio-active darkness, and that this is what we have earned.—Yours faithfully,

JOHN CONNELL

London, SW1

Teachers' Pay

SIR—Since you had apparently proved to your own satisfaction that teachers would get more money from Sir David Eccles than under the Burnham Committee's proposals, I fully expected you to change horses, attack the Minister and urge immediate acceptance of the Burnham recommendations.

The fact that you did not do so suggests that perhaps the prospect is not all that real. Anyway, I hope you will pardon our scepticism, particularly in view of the reply given by Sir David Eccles to the Burnham Committee. The Minister was asked if he would be prepared to sanction the full £47.5 million increase when the "pause" came to an end. He said no. Most teachers would naturally prefer to have the £5.5 million bird in their hand rather than the two in the bush Sir David now offers.

Some of us still recall that in 1956 Sir David encouraged teachers to go to the Burnham Committee for salary increases in order to save his Superannuation Bill, only to tell the leaders of the Burnham Committee, once the Bill had been passed, that it had gone too far.

Will any of your readers be so naive as to believe your assertion that the reason why Sir David is threatening legislation to impose a £42 million increase is because the NUT obstinately refuses to see that the Minister wants to give them more than the increases negotiated through Burnham? And why in a responsible journal like *The Economist* is it necessary to bring in cloak and dagger references to "open secrets," etc. This is an "open secret" that the Minister shares with you alone. I assure

THE ECONOMIST SEPTEMBER 16, 1961

you it has not been shared with us.—Yours faithfully,
RONALD GOULD
General Secretary, National Union of Teachers

London, WC1

Northern Rhodesia

SIR—In a report, "Question Mark over Northern Rhodesia," (*The Economist*, September 2nd) reference was made to "27 dead and hundreds arrested" in the events of the past month.

Action by the Northern Rhodesia Police against the present campaign of violence has resulted in the shooting of 18 people in security operations and the conviction of 650 (550 of them members of the United National Independence party) for intimidation, arson, sabotage and other crimes of violence.

Your readers are entitled to know that of the "27 dead" referred to by your correspondent, 9 (eight members of the Northern Rhodesia Police and one prisoner) were drowned when their boat capsized in the Zambesi River.—Yours faithfully,

L. F. G. ANTHONY
High Commission for Rhodesia and Nyasaland

London, WC2

World Oil

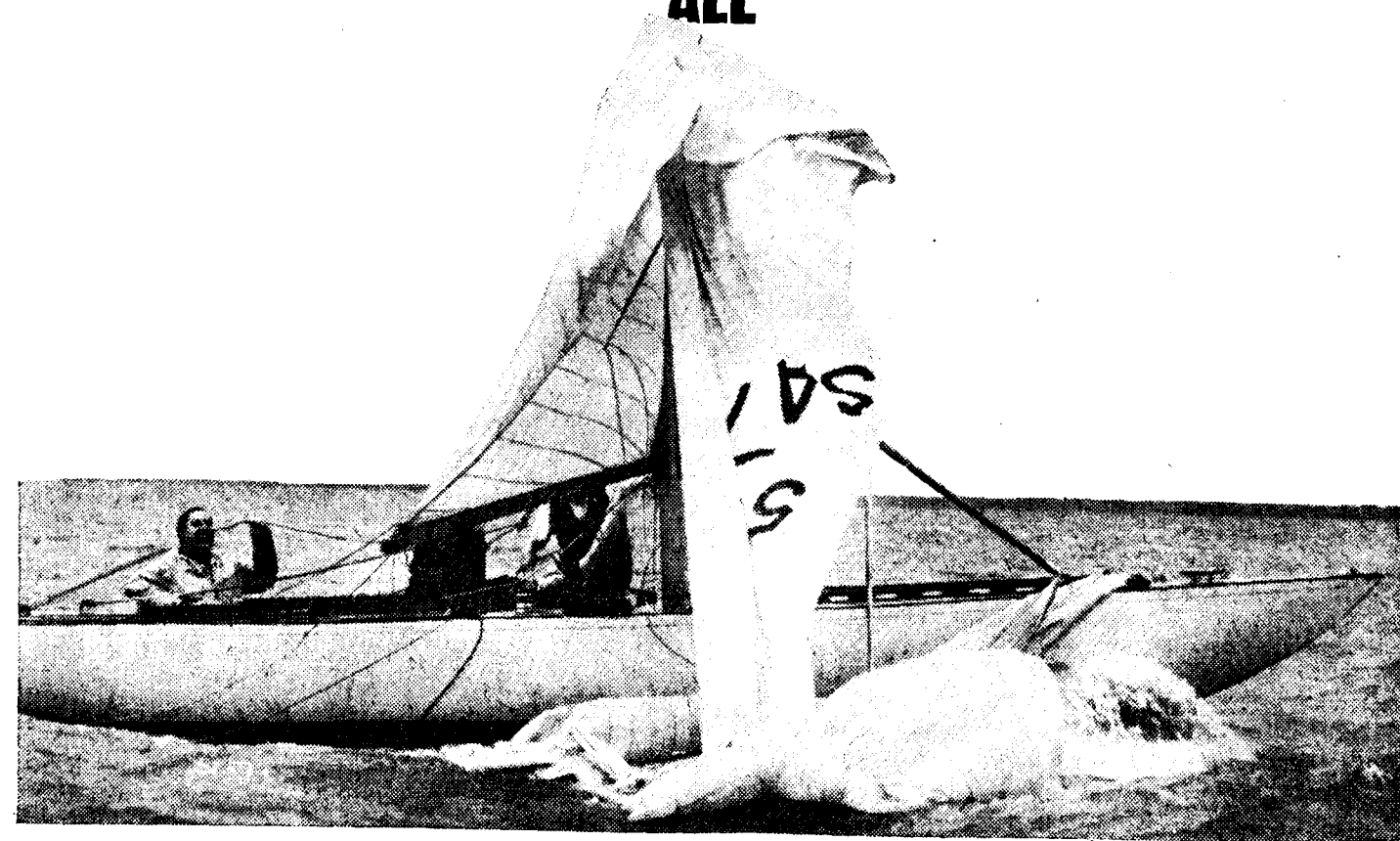
SIR—Mr Levy is at it again, upholding the *status quo* in the muddy economics and politics of oil. Mr Levy's obvious game of brinkmanship is complete, with stockpiling, emergency powers and alternative bases to sustain the chastity-belts of the "Seven Sisters," as Mr Enrico Mattei would affectionately call the established oil companies. If such an internationally vital industry couldn't (or shouldn't to paraphrase Mr Levy) stand a mild shake-up of liberal thought, then it is neither "international" nor "established." By being so uncompromising, Mr Levy and his "integrated" oil industry defeat their own security, let alone "the security of world oil supplies." Logic and eloquence cannot promote a concept of corporate trusteeship over world oil for purposes other than private gain. It is alarming that such a vital commodity should depend on a drive for private growth. One hears endless needling of the producing countries, their assumed instability, their misbegotten argumentation, the personal ambition of this or that bureaucrat; but little is frankly projected of the dangerous mentality of the oil industry's princes.

OPEC is not designed solely for regulating prices and production. If it does then it too perpetuates the *status quo*. These producing nations have yet to boast a single native refinery or fertilizer plant, a solitary service organisation and nothing but a few miserable tankers.

The present limitations of native capabilities in the producing areas for wider responsibilities in the world oil trade are neither an economic nor a logical reason for the continuation of the industry's overlordship. Those limitations are as much the guilt of native autocratic waste as of the industry's

THE ECONOMIST SEPTEMBER 16, 1961

THE WEEKEND IS THE MOST NATURAL BREAK OF ALL



A broken mast—a natural break! Occurring, happily, at the weekend—an even more natural break...

...in fact the most natural break of all. When work is a world away. When people build castles in the air and a bungalow down the street...

...when half the ITV homes in England and Wales watch ABC Weekend Television. Welcoming ABC as a natural part of the

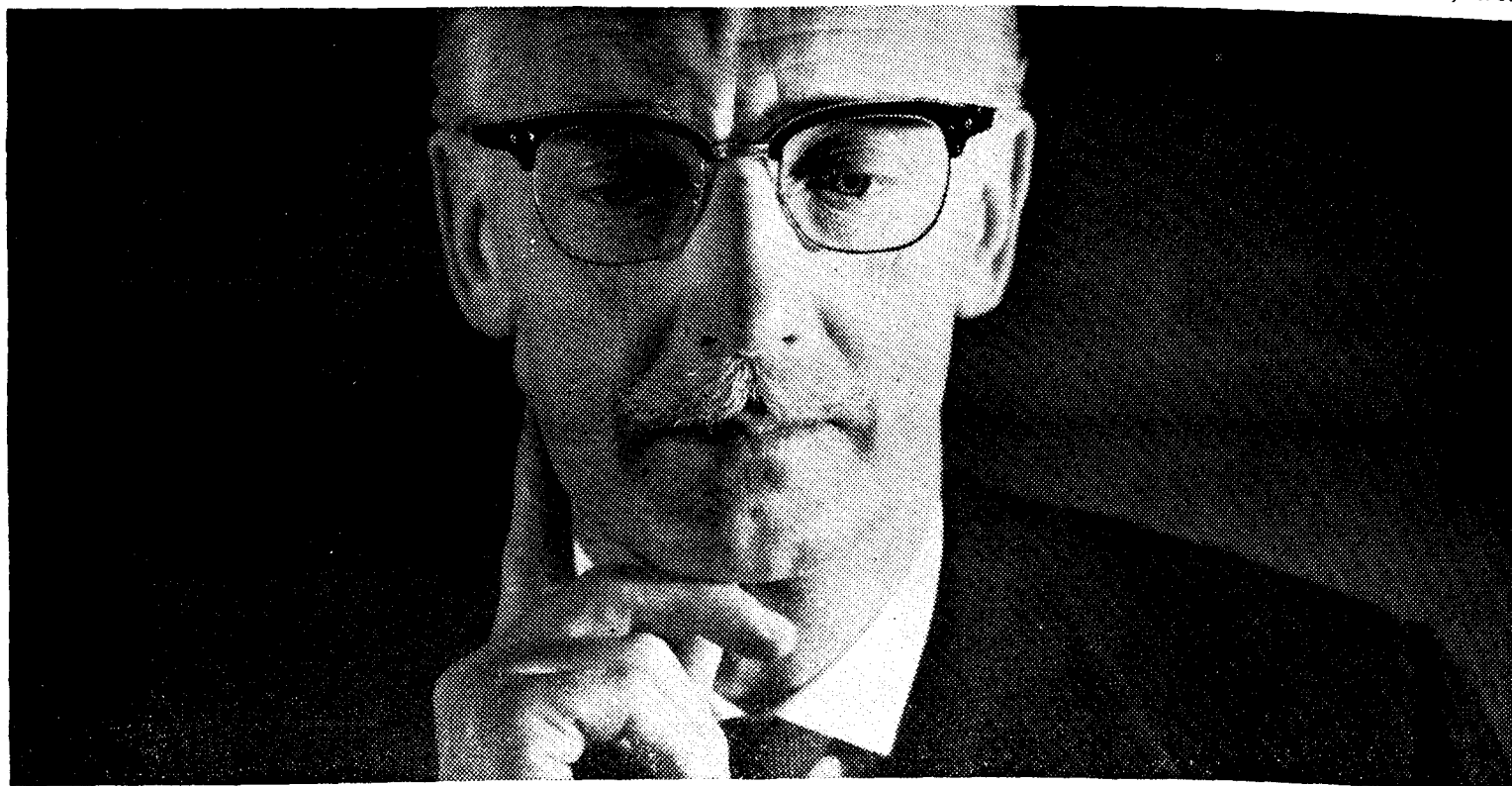
weekend break: with time to relax and ponder what they see. This is the best time of all to show your commercials in the North and Midlands with 15 million ABC viewers in weekend mood. ABC Weekend Television—the largest coverage of any single ITV company...



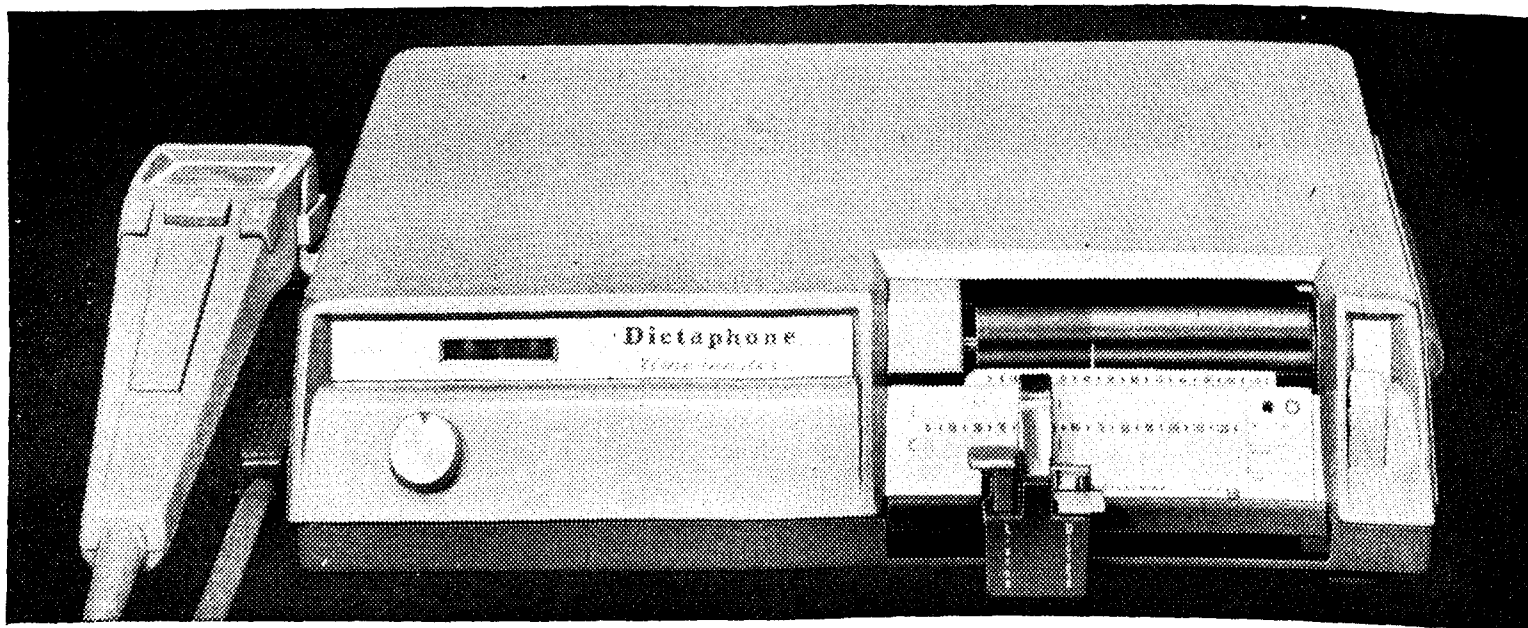
**ABC
WEEKEND
TELEVISION**

NORTH AND MIDLANDS

A Member of the
Associated British Picture Corporation



Men who buy well,



buy **DICTAPHONE** TIME-MASTER

Men who value quality and service are the men who buy Dictaphone Time-Master, because the transistorised Time-Master is the quality dictating machine. It's a precision instrument designed to save time for a man whose time is valuable.

Dictating with Time-Master is as easy and pleasant as normal dictation to a secretary, but

it is much more convenient and time saving. No matter where your secretary may be, you simply speak, and immediately your thoughts are on permanent record. Time-Master has these unique advantages because only Time-Master has the DICTABELT record.

The Dictabelt recording is permanent and visible, ensuring complete safety from acci-

dental erasure. Reproduction is crystal clear and placefinding is instantaneous.

Dictaphone Company Limited, 17-19 Stratford Place, London W.1. Tel.: HYDe Park 9461. Branches throughout the British Isles

The words DICTAPHONE, TIME-MASTER and DICTABELT are registered trade marks.

Visit Dictaphone on Stand 112 Business Efficiency Exhibition, Olympia—2-11 Oct.

purposeful indifference. An urgent start should be made, not so much in the timid suggestion of Mr Levy's interdependence, as in fuller recognition by the industry of the existence of human and other resources capable of systematic regional integration. How can an internationally conscious oil industry delude itself that a place like, say, Abu-Dhabi is a contractual entity? The marginal existence of millions in the Middle East amidst the background of an obsession for industrialisation, and of the fantastic affluence of a few irresponsible patricians, with their waste and indulgence, explain the insecurity of oil supplies and prices—not the machinations of the Matteis, the inner fury of the Tarikis, the dumping of the Russians and the monkeying of the independents. The lust for continued power and overlordship on the part of the "established" is contributing more for messy prospects than they or Mr Levy acknowledge.

Mr Levy echoes the industry's chapter and verse on the assumed oil investment risks. Prodigious in statistics, he nevertheless failed to show how much of this risk was tax money, how little of it was mobilised outside the phenomenal profits in the host countries. If there is an investment risk, why not spread a bit among the disgruntled kinsmen of the "host" nations, to other Arabs and Latins, in regions where political frontiers are recent accidents of history? Implicit in the national responsibilities of the "established" oil industry is the ability for political statesmanship too—not just mercantile articulation. The advocates of their brand of interdependence in the global oil trade can exercise endless manipulation of facts and thought. They can also play a little game of brinkmanship. But the hardest part the princes of the industry have yet to perform is to wriggle off sharp hooks of their own making. As Abu-Bakir, Islam's first Khalifa and foremost layman once said: "Princes are the most unhappy of men, both in this world and the next."—Yours faithfully, OMAR HALIQ, Düsseldorf

The National Health

SIR—In their letter in your issue of September 2nd, Professor and Mrs Jewkes suggest that our national health service should be included among those British institutions whose workings might well be re-examined.

The Acton Society is arranging a colloquium at the end of November when it is intended that a small body of invited people should discuss the financing of the service, the extent to which it is practicable to inject private money and the probable effects of such a procedure. The number of people taking part in our discussions will be severely restricted, but if any of your readers have any original contributions to make to us we should be glad to have the opportunity to consider them. We hope to publish a summary of the discussions after Christmas.—Yours faithfully,

B. PHILIP ROWNTREE
Chairman, The Acton Society Trust
39 Welbeck Street, London, W.1

BOOKS

Whitehall and Imperialism

Africa and the Victorians

By R. Robinson and J. Gallagher with A. Denny.
Macmillan. 503 pages. 45s.

IF we could acquire the Dominion of the whole of that Continent it would be but a worthless possession. Until late in the seventies, Mr Mother-Country's assessment of Africa in 1840 was still that of Whitehall. Yet in the last twenty years of the century, "against all precept and prejudice, against the experience and trends of previous expansion," Egypt was occupied, a huge tropical African empire acquired, and a major war fought to restore imperial supremacy over the Transvaal. Why this should have happened is an old problem. In the main, it has been "explained" by three factors, singly or in combination: The late Victorians succumbed to an access of imperialist enthusiasm; their businessmen sought to relieve a surfeit of capital and a deficiency of markets in a new continent; and increasing rivalry among the powers magnified the weight of every move overseas on the delicate scales of the European balance.

Whatever the importance of these elements, others must, at least in the British case, be brought into the sum: the collapse of African governments under the strain of previous western influence (as in Tunis, Zanzibar and Egypt); the growth, encouraged by British agencies, of local communities that became expansive in their own right (as in southern Africa); and the changed relationship of Africa to the long-term aims of British strategy in Europe, the Mediterranean and the east. Given such various components, the problem of motive can be resolved only if some unified field of study can be found where "all possible incentives to African empire may be assembled without becoming indistinguishable in their effects." This the authors of this fascinating book find in "policy-making" in Whitehall. Of course, ministers and their advisers could not completely control the process of expansion; nor were they fully aware of all the forces at work or of their own unconscious assumptions. But, for all these shortcomings, "official calculations," the authors argue persuasively, "throw most light on the deeper reasons for imperial expansion in Africa."

So, after an incisive review of the traditions of Victorian statecraft, they proceed to "the humbler tasks of chronology." Their patient reconstruction and brilliant analysis of the official mind groping its way to policy decisions in South Africa and Egypt, on the Niger and the Zambesi, is an exciting exercise of the historian's art.

What are the authors' conclusions? No new sustained or compelling impulses towards African empire emerged in the

eighties. Businessmen saw no future in Africa except in the south, while politicians were as reluctant to expand and administer a tropical African empire as Parliament was to pay for it. African lobbies were "usually too weak to be decisive"; nor were ministers interested in empire for empire's sake. As the policymakers saw it, their advances were prompted by different interests and circumstances in different regions. But, in all those north of Rhodesia, the "broad imperative" was the safety of the routes to the east, though admittedly in Nyasaland and on the lower Niger a reluctant government "acted to preserve existing fields of trading and missionary enterprise from foreign annexations." The late Victorians "moved into Africa not to build a new African empire but to protect the old empire in India," because they believed that British power depended almost as much on the possession of India and preponderance in the east as on the British Isles. Before 1880, the safety of the routes to India had been preserved without large African possessions. After 1880 nationalist crises in Africa itself—the outcome of earlier decades of European influence—and the interlocking of these crises with rivalries in Europe forced Britain

to regain by territorial claims and occupation the security which could no longer be had by influence alone. . . . From start to finish the partition of tropical Africa was driven by the persistent crisis in Egypt.

In southern Africa, on the other hand, the government tried, in the hope of conserving imperial influence (and the safety of the Cape route to India), to satisfy the demands for more territory pressed upon them by self-governing colonials. But the exploitation of the Rand raised the enemies of the imperial connection to political preponderance and killed the hope that British immigrants and businessmen would, in the normal course, engulf the republicans. Prisoners of their colonial friends, the Unionists tragically attempted to restore imperial paramountcy by war.

This is not just another piece of research. The authors have not been satisfied merely to present new material but have thought hard about it. Their political judgment is as shrewd as their expression of it is witty, and they have produced a contribution to late Victorian history that will prove to be of seminal importance.

Potted Palms

The Age of Churchill, Vol. I: *Heritage and Adventure, 1874 to 1911*

By Peter de Mendelssohn.
Thames and Hudson. 627 pages. 42s.

THIS book has been sniffed at by the pundits both for being just a *réchauffé* of all the other books about (or by) Winston

Churchill and his family up to 1911 (it is the first of three no doubt equally capacious volumes); and for getting this or that bit wrong in the rehash. The whole sprawling enterprise does indeed sit rather awkwardly between all the books it is derived from and the full-dress biography, based upon real research into all the material, that Sir Winston now deserves. But it is not fair to blame Mr de Mendelssohn either for not writing a different book or for writing this one at all.

Bulk apart, it is mostly lively and readable and often illuminating, especially for readers who have known only the grand old man. It may be a pity that some will now read this book instead of those it pots, but many would not read them anyhow now. And, to give Mr de Mendelssohn his due, the book is much more than warmed-up other books. It is put together with some eye to perspective, and reflects the author's lifelong and passionate interest in the real Churchill, as distinct from the legendary one, in the man not the myth.

This first volume does point itself towards the really relevant questions about the young Churchill: how the child or, rather, the thrusting youngster, bumptious, ebullient and dogged, impertinently self-confident and quick-witted, sensitive and as sharp as a needle, was father of the man we boast about; and how much it meant to the momentum of his persistent ambition to be son of his own so similar father, who was rejected, broke down and died long before the age at which, by time's revenge, Sir Winston himself came at last into his own.

Sociology Renews Itself

Ideology and Society.

By Donald G. MacRae.
Heinemann. 243 pages. 25s.

THE history of sociology in this country is a curious one. As Professor Shils has pointed out, modern sociology really started in Britain. "The sober attempts of a small group of dourly noble reformers and administrators in the nineteenth century, to find out the 'real condition' of England, were the first of their kind in history." By the end of the century, an outstanding tradition of British social inquiry seemed firmly established. Yet while sociology gathered impetus in Germany, France and the United States, in this country its study marked time for nearly fifty years, apart from the valiant effort of a few lone pioneers at the London School of Economics. In the first section of this collection of essays, Mr MacRae tries to explain why the spirit of inquiry of Bentham, Mill, Spencer and Booth should have become so muted until recently. The explanation is not easy—perhaps one factor which Mr MacRae neglects is the peculiar historic link between British sociology and the fortunes of pragmatic socialism. All this has now radically changed, and he goes on to discuss the prospects for sociology in this country as the doors of Oxford and Cambridge are at last opening (but simul-

BOOKS

taneously the ad-men are also moving in).

Mr MacRae's second section covers a wide range of topics from the impact of advertising on sociology to that of Darwin on social theory. He does not regard advertising as basically sinister, but as a necessary instrument in a mass consumption society, and as such a subject of serious study for sociologists; this applies also to the wealth of information gathered by advertisers.

The third group of Mr MacRae's essays is mainly political. It includes his already well-known essay "The Bolshevik Ideology," in which he puts forward a masterly sociological critique of Marxism, timely today when so many younger sociologists have oddly come to regard neo-Marxism and sociology as synonymous. Altogether his book is bursting with life and vigour, and is clearly and entertainingly written for the layman as well as for the professional. What Mr MacRae shows is that sociology is a serious subject and not just a newly discovered exciting game for journalists.

Reza Shah's Legacy

The Modernisation of Iran, 1921-41

By Amin Banani.
Stanford University Press. London: *Oxford University Press.* 202 pages. 40s.

THE dates of this book's title, which suggest that it is a period piece, are offset by the photograph on its dustcover. This shows a primary school classroom of today—girls with boys, and all eyes alight with intelligence and hope. Its message is that the book includes contemporary, if not everlasting, topics.

The body of the book is about Reza Shah's deeds for his country. These were for a time obscured by the megalomania, greed and ill-temper of his last years; but he began in different vein, and though much that he did was impatient and shallow, he had the great merit of galvanising a stagnant country into practical activity. Before he made his bound out of the army and onto the Peacock Throne, a minority of the intelligentsia (of whom thumbnail sketches are supplied) had dreamed of, thought of, and talked of things to do; he did them. They are briefly described in well-documented chapters on the army, the courts, the land, education and economics. The last, which the author admits is not his usual field, is less good than its fellows.

Twenty years have passed since Reza Shah died (or fifteen if one deducts the ill-starred years of allied occupation). Why is it that Persians today are coming into a heritage so little better than then? In an outspoken and thoughtful conclusion, the author analyses whether the delay is due to foreigners, or to the Persians' besetting sin of moral resignation, or to searches in the wrong direction—a too material direction—for the secrets of success.

Persian by birth, he is at present an assistant professor at a university in the United States. (Incidentally, his book, coming from a dollar source, is by English standards too

THE ECONOMIST SEPTEMBER 16, 1961

expensive for its content; the only justification for such a price is that dispassionate books on Persia are rare.) It is a pity that a Persian who thinks as lucidly and writes as candidly as he does should work outside Persia; but there are few attractions at home for young men who see their work judged less often on its merits than on irrelevant considerations such as envy or social prejudice, and who have to watch their elders avoiding action out of unwillingness to risk consequences. Until public opinion, or some new Reza Shah, creates openings at home for men of energy, what have the children on the dustcover to look forward to, unless to sampling communism?

Economic Theory Applied

Equilibrium and Growth in the World

By R. Nurkse. *Harvard University Press.* London: *Oxford University Press.* 393 pages. 60s.

PROFESSOR HABERLER and his editorial colleague have performed a very useful service in bringing together this selection of papers, lectures and book reviews by the late Professor Nurkse. They are not, of course, all equally good, and some of them have a much smaller impact now than when they were first published. The best of them, however, are extremely stimulating and demonstrate afresh the loss caused by his untimely death two years ago.

Although he wrote some papers in the field of pure theory (such as the papers on capital movements and on inventory cycles included here), Nurkse's main forte lay in the application of theory. His exposition was always clear and simple as, for instance, in his paper on "Domestic and International Equilibrium," which sets out the impact of Keynesian economics on the theory of international monetary relations. But when he used the theory to attack particular problems, he also displayed great gifts for getting to the core of the matter and putting it in terms of one or two simple pieces of economic analysis.

Curiously enough, the work that perhaps did more than any other to secure him his reputation was not published under his name. From 1935 to 1947 he worked for the League of Nations, where he was the main author of "International Currency Experience," which appeared in 1944. This survey of the inter-war period is one of the best books ever written in the field of international monetary economics.

Nurkse spent nearly all the years after 1947 at Columbia University. Here he devoted himself mainly to the economics of development and wrote "Problems of Capital Formation in Underdeveloped Countries," which had a considerable impact. The topics discussed include the notion of "balanced growth" to which he later returned in various lectures that comprise over a quarter of this posthumous collection.

He regarded the theory of comparative costs as rather unhelpful in understanding

THE ECONOMIST SEPTEMBER 16, 1961

the relation between trade and growth. Without denying its validity, he preferred a more dynamic approach. In the nineteenth century, he argued, trade was an engine of growth. The expansion of western European industry was transmitted to the recently settled areas by the growing demand of industry for primary products, and the export of private capital to build railways and provide other overhead capital was part of this process. Conditions have now changed, however, and, except for oil, the demand for primary products lags behind the expansion of industry because of economies in the use of raw materials, the development of synthetic materials and so on. The incentive for private foreign investment in the poor countries is also less than it was. Comparative costs might suggest the development of simple export manufactures there, but such industrialisation is difficult as the experience of India in selling textiles demonstrates. Hence industrialisation for the home market must play a large part in the development of such countries. Because the expansion of home markets is a limiting factor, the growth of industry and agriculture and of different types of industry must be balanced, in the sense that the pattern of production matches the pattern of demand from the growth of income which is generated. Power and transport facilities have to be built ahead of demand in order to make industrialisation possible, but in industry itself suppliers and customers must expand together.

This view, which downgrades the contribution of international trade to growth, is not without its critics. Professor Cairncross, for instance, in a recent lecture, has argued that it is rather exaggerated. However, it must not be supposed that Nurkse was as dogmatic as a brief summary might suggest. These lectures really amount to a restatement of Nurkse's earlier views on the subject, and it is clear both that he was not maintaining balanced growth to be necessary in all circumstances and that he was not much of a protectionist.

The longest part of the book is a splendid paper published in 1956 on the relation between domestic investment and exports in Britain in the decade after the war. Britain's main export achievement and hope lay in the engineering and metal industries, industries which are particularly important for domestic growth. When there were balance of payments difficulties the quickest and easiest way to meet them was to check the growth of domestic capital formation, not merely in order to reduce the domestic absorption of output but also because this made possible a shift of resources to exports, which did not require difficult inter-industrial mobility. If, however, such occasional shifts at times of pressure are not to reduce the long-run accumulation of capital, an expansion of the capital goods industries becomes an important aim of policy.

Nurkse's analysis of these problems, which is coupled with a more general exposition of the "absorption approach" to balance of payments problems, shows the

FROM THE DREADNOUGHT TO SCAPA FLOW

The Royal Navy in the Fisher Era 1904-1919

VOLUME I:
THE ROAD TO WAR 1904-1914

ARTHUR J. MARDER

'One closes this fascinating and authoritative work in the conviction that little more remains to be said about a period which was to prove a climacteric in British history.'
Capt. S. W. ROSKILL in THE SUNDAY TELEGRAPH
Illustrated 42s net

THE FALL OF KRUGER'S REPUBLIC

J. S. MARAIS

'... has come as near as anyone can to writing an unbiased account of the origin of that tragic conflict. His analysis of Kruger, Milner and Chamberlain is excellent, his command of the complicated negotiations which preceded the final plunge is clear and lucid, and he has had access to nearly all sources likely to be of value, including the official British archives, the Chamberlain papers, and Smuts's private diary. It is an admirable and definitive work.'
ROBERT BLAKE in THE SUNDAY TIMES
35s net

THE DIPLOMATIC HISTORY OF BRITISH HONDURAS 1638-1901

R. A. HUMPHREYS

In this book based upon Foreign Office and Colonial Office records, Professor Humphreys discusses the origin and growth of the Colony of British Honduras and investigates the diplomatic controversies with Spain, Mexico, the United States, and Guatemala to which that growth gave rise. *Chatham House 35s net*

SIR ARTHUR INGRAM

A STUDY IN THE ORIGINS OF AN ENGLISH LANDED FAMILY

A. F. UPTON

'... in tracing the complicated manoeuvres of Ingram and his associates Mr Upton has given us a good deal of the economic history of the reign, and probably the closest study yet made of the operations of any seventeenth-century "undertaker". In this lies the value of his book for everyone interested in the life of early Stuart England.'
THE TIMES *35s net*



OXFORD
UNIVERSITY
PRESS

OIL IN THE MIDDLE EAST

S. H. LONGRIGG

'Such a wealth of information, presented in a highly individualistic style, is not in fact for the novice. But he should keep the volume in a bookcase within reach—where, he may be assured, it will grow dog-eared and dirty with handling.'

PETROLEUM TIMES
Chatham House Second edition 35s net

ECONOMIC AID TO UNDERDEVELOPED COUNTRIES

F. BENHAM

'... this thought-provoking study which, in ratio of content to size, must be the most notable for many a long day. It should be read by everyone interested in its subject.'
HUGH TINKER in INTERNATIONAL AFFAIRS
Chatham House 12s 6d net

DEVELOPMENT FROM BELOW

LOCAL GOVERNMENT AND FINANCE IN DEVELOPING COUNTRIES OF THE COMMONWEALTH

URSULA K. HICKS

'... a stimulating study of local government in British, and formerly British, territories: India and Ceylon, the West Indies, and West and East Africa... will be of great interest and practical use to administrators and others working in this field.'

ECONOMIST *35s net*

ARGENTINA

GEORGE PENDLE

A revised and enlarged edition. The land is described; the story of Argentina's development is told; the regime of General Perón is studied; a new chapter deals with recent events, President Frondizi's government, and Señor Alsogaray's economic policy; and there is an account of the dispute over the Falkland Islands and Antarctica, and, in the Appendixes, the latest statistics.

Chatham House Second edition 25s net

THE AMERICAN HISTORIAN

A SOCIAL-INTELLECTUAL HISTORY OF THE WRITING OF THE AMERICAN PAST

HARVEY WISH

The changing interpretations and attitudes of the many distinguished American historians, from such colonial figures as William Bradford and Cotton Mather to the present generation of historians, make an interesting reflection of American intellectual history.

52s 6d net

author at his best. He does not flourish any unnecessary technicalities but uses economic theory as it should be used. This is the sort of stuff that students should be fed if they are to have a balanced diet; so this book will serve their teachers well, besides being of value to those concerned particularly with growth and trade.

Ever Present Challenge

Canada and the Canadians

By Alistair Horne.

Macmillan. 343 pages. 30s.

A RECURRENT theme in this latest book about Canada is "the potent natural forces—of geography, population, climate, economics and communications—that have traditionally threatened to tear Canada in fragments and draw the fragments towards the United States." Canada has indeed paid a high price to create and maintain its identity, but to say that its geography runs strictly vertically and not horizontally and that its existence is "counter to the laws of nature" is to neglect the indisputable natural geographic fact of the east-west St Lawrence axis—the historic backbone of Canada—and the strength of the rivalry between the St Lawrence gateway into the North American hinterland and competing gateways in the south and north.

After two years of study and 20,000 miles of variegated travel, the British author con-

cludes that, in the long run, Canada's only answer to the danger of subdivision is more people. Deeply impressed with the challenge of the vast wilderness that is the setting of the "shreds and patches" of population stretched out along the artificial United States border, he writes of "so much uninhabited land that, under modern technology, could be inhabited"; but what of the limitations imposed by such problems as the need for export markets to absorb the technically possible products of the rocks, rivers and forests of Canada's empty spaces? Notwithstanding such gaps and a number of mistakes, such as uranium from Alberta, that have slipped through uncorrected, the analyses of economic and political problems are enlightening, as are the lively descriptions of Canada's widely diversified regions.

Sandwiched in with analysis and description is some shrewd advice to prospective immigrants, based on the experience of past immigrants, with many of whom the author has discussed their problems. The complaint that there is no culture in Canada is examined in an admirable chapter on the arts and letters, while culture in the wider sense epitomised by the "pub," for which the homesick Briton pines, finds its characteristic Canadian expression in the summer cottage by a lake. A discerning discussion of Canada's relationships with Britain, the Commonwealth and the United States concludes that "Canada has become the key-stone of the whole Commonwealth."

Recognising that there is no such thing as a typical Canadian (unless it be a leisured North American who makes a garden) the author sums up this new nation as a people engaged in the exhilarating business of creation and endowed with the special freedom given by space, a nation that thinks and acts bigger than it is and has, in international affairs, attained a maturity beyond its years and influence beyond its numbers.

The Islamic World

A Short History of Islam

By Sayyid Fayyaz Mahmud.

Oxford University Press. 734 pages. 35s.

UNDER the impact of scientific materialism and secular nationalism, religious distinctions have lost much of their sharpness. Yet a certain fellow feeling still links the states that formed the medieval Islamic world just as it does those which formed medieval Christendom. Islamic consciousness remains particularly strong in Pakistan, where it provided the motive for the formation of the nation. Pakistani scholars are therefore led to study the world of Islam, not like their medieval predecessors as the only civilisation worthy of profound study, but as one which influenced and was influenced by other comparable cultures.

In consequence they feel the need to present a synoptic view of the history of the Muslim states as a whole. One such work, "A Modern History of the Middle East and North Africa," by Dr S. M. Imamuddin, of Dacca University, appeared last year; this year this even more comprehensive study, covering the whole Islamic world, and printed in Karachi, has been published by the Oxford University Press. With so vast a subject, the sections are necessarily condensed to the absolute minimum; and the attempt of an individual scholar to treat the history of every Muslim state that has appeared on the stage of history inevitably results in some inaccuracies and excessive generalisation. Nevertheless, Sayyid Fayyaz Mahmud has made a very creditable attempt, and his book can be recommended to non-Muslims as well as to Muslims who wish to gain such a general view of the history of Islam as can be presented in a volume of even these dimensions.

Natural Law and South Africa

The Foundations of Freedom: With Special Reference to South Africa

By D. V. Cowen.

Oxford University Press. 258 pages. 30s.

PROFESSOR COWEN believes that black and white can live together provided there are certain safeguards. He would like a Bill of Rights built into a rigid constitution of legislation subject to judicial review if it infringes the Bill of Rights. He would also have commissions, whose duty it would

be to receive petitions and to take active steps against discriminatory practices. There would be a federation of the four provinces of South Africa, thus providing a further division of power; the Federal Lower House would be elected on a very wide suffrage, probably adult suffrage; the Upper House—and it would be a true Upper House with real powers—would be elected by proportional representation.

Professor Cowen would agree that in the last resort constitutions cannot provide security unless they represent some reality in the will of the people. But he would go on that they can, all the same, be effective up to a point; it did after all take some years of manoeuvre to overthrow even the mild entrenchment of the old South Africa Act. Here there is little with which anyone who has followed events in South Africa, and has a nodding acquaintance with those in the United States, will disagree with him. Perhaps he does not attach enough importance to the danger that the judiciary may operate in the interests of a class; he is bound to be influenced by the fact that in South Africa the judiciary has always been (in British eyes) enlightened. But judges are not always enlightened; one would not care to see penal reform at the mercy of a Lord Chief Justice. Nevertheless, Professor Cowen's arguments are cogent, and had the constitution he outlined taken the place of that which was adopted in 1910, things might have been very different.

But this is hindsight; the agreement of 1910 was reached in terms of what was politically possible at the time. And what is politically possible today? Professor Cowen speaks (on page 191) of a government wishing to summon a "national convention" and suggests that it would be "realistic" to make it "equally representative of white and non-white opinion." But no legally constituted South African government is likely to do any such thing; nor, by the time white South African opinion is ready for it, does it seem likely that black African opinion would respond.

The last part of Professor Cowen's book is profoundly interesting in a different way. He refers to Maritain's distinction between those who believe in natural law and those who do not. He himself believes firmly in the Greek idea that there is a natural moral law which man in his imperfect way is struggling to discover. This concept, prolonged by the thought of St Augustine and St Thomas Aquinas, began to crumble with the individualism of the Age of Reason and the idea that law was only a kind of contract; he reasserts its validity. That there is absolute moral force behind law has become a difficult thought for many modern minds. But is it true that an Act of Parliament can make it right to steal? Not, perhaps, if the proposition is stated like that. But it is surely open to Parliament to make a law that would so alter the nature of property that "stealing" became a meaningless term. Societies have had very different ideas of what is moral and what is not; some have held that on his brother's death a man ought

to marry his widow, while others have held that this is incestuous; some have tolerated sodomy and others abhorred it. But though there is variety of opinion over sexual behaviour, there are other wide fields over which there is agreement: it is unusual, for instance, not to deprecate the murder of parents or of a guest. On the other hand, there is surely some element of contract in all society; insofar as a person accepts the standards of a society, it is because he admits that he belongs to it. There are certain assumptions that constitute an implicit contract. That is why most of the world feels that South African society as at present constituted is unjust. Laws are imposed by a section of the population on a larger section which does not feel that this is its society, which does not subscribe to the contract. Surely there is truth in both ideas, natural law and contract; to exclude one or to assert it absolutely is to proceed to opposite extremes of error.

Anyone interested in South Africa or in politics should read Professor Cowen's book; his theses are stated with exceptional clarity; he is always fair and he is always interesting.

OTHER BOOKS

CAPITAL IN MANUFACTURING AND MINING: *Its Formation and Financing*. By Daniel Creamer, Sergei P. Dobrovolsky and Israel Borenstein. National Bureau of Economic Research. Princeton University Press. London: Oxford University Press. 398 pages. 60s.

This is the fifth volume to be published in a large-scale inquiry into trends and prospects in capital formation and financing in the United States. In this study, from the admittedly inadequate data that exist, Messrs Creamer and Borenstein have evolved what they consider usable records of stock of capital in mining and manufacturing at selected dates back to 1880. They find that, in both sectors, the ratio of capital to output, based on constant prices, rose markedly from 1880 to 1919 and then declined just as markedly. The effect of the changing importance of particular industries is examined and a number of hypotheses put forward to explain the trends.

The data on financing are even less adequate than those on the stock of capital, extending back only to 1900 and relating only to corporations. It is, therefore, with great caution that in the second part of this volume, Mr Dobrovolsky set out his findings on the relative importance to investment of "internal" and "external" funds—that is to retained income and to funds obtained through new capital stock issues and loans.

FEDERALISM AND ECONOMIC GROWTH IN UNDER-DEVELOPED COUNTRIES. By U. K. Hicks, F. G. Carnell, W. T. Newlyn, J. R. Hicks and A. H. Birch. Allen & Unwin. 185 pages. 25s.

This symposium is based on papers presented to a small working party conference which met at Exeter in September 1959. The aim of this conference was to bring together anthropologists, political scientists and economists in a discussion of the special problems of emergent countries that have adopted, or are about to adopt, federal constitutions, and which are at the same time bent on accelerated economic development. The four main papers are accompanied by comments and well edited reports of discussion. Mrs U. K. Hicks has written introductory and concluding essays. The book makes a valuable contribution to awareness and understanding of these problems. It also provides an interesting example of the co-operation of different disciplines on a common theme.

OIL IN THE MIDDLE EAST. By Stephen Hemsley Longrigg. Oxford University Press for Royal Institute of International Affairs. 2nd edition. 414 pages. 35s.

Brigadier Longrigg remarked at the end of his first edition, in 1954, that a book on oil "is superseded before it reaches its public." But he so arranged that book that addition is a simple matter. His second edition is identical with the first until page 261, and thereafter consists of chapters or sections, dated 1953-60, on each producing territory and land of transit. These provide the treasury of information on production, negotiation of rights, quality of oil discovered etc. that one has come to expect of this writer. The two major changes revealed are the one well known—the immense rise in output of the 1960s—and the other less often proclaimed—the degree to which new finds and increased production remain in the hands of "the majors," and of governments already rich from oil. Is it by chance, or through the geological skill of the old hands, that nowhere except in the Kuwaiti-Saudi Neutral Zone has there been a discovery of real commercial significance. Brigadier Longrigg has no room for comment of this type, but gives all the facts on which to base it.

TRENDS IN BANK CREDIT AND FINANCE. *Martinus Nijhoff*. 181 pages. 16 guilders.

This is the collection of lectures at the 1960 international banking summer school at Noordwijk, Holland. The main emphasis at this school was the finance of medium-term credits and industrial financing. Dr Klaus Dohrn, a director of the German Kreditanstalt fuer Wiederaufbau, gives an interesting description of the way his own institution provides foreign loans; and the problems of "Financing an International Concern" are discussed by Mr P. F. S. Otten, president of Philips Lamps.

TROPICAL AGRICULTURE. By Gordon Wrigley. Batsford. 291 pages. 45s.

This book, which we mentioned last week, will not be available until September 21st.

WHO OWNS WHOM

1961 Editions now available

23,000 Companies Listed

U.K. subsidiaries and associates showing:
U.K. parents.
U.S. parents.

U.K. parents showing:
U.K. subsidiaries and associates.
Western European subsidiaries and associates.
U.S. subsidiaries and associates.

U.S. parents showing:
Western European subsidiaries and associates (including U.K.).

Available from the publishers or through booksellers 6 gns. post free.

"A publication for which there is an ever-growing need is 'Who Owns Whom'..."
The Times

"In the complex background of take-overs and mergers 'Who Owns Whom' 1961, ... is a fascinating reference book..."
The Guardian

Publishers:

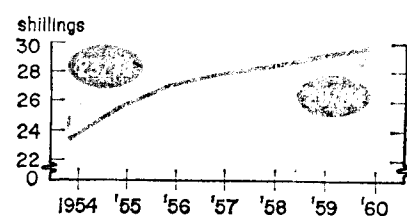
**O. W. ROSKILL & CO.
(REPORTS) LTD.**

14, Great College Street, London, S.W.1.

British Eating Standards

WHAT THE HOUSEWIFE SPENDS

Weekly per head of household



Meat, fish and poultry

Fruit, potatoes and vegetables

Bread and cereals

Milk and cream

Cheese and eggs

Beverages

Fats

Sugar and preserves

Each year the National Food Survey selects a sample of nearly 10,000 households in each of which the housewife keeps a record for one week of all food bought. The chart, illustrating some of the findings of these surveys, shows that over the last six years the average amount spent on feeding a person at home has risen by a quarter, or just under four per cent a year. Rather more than half this increase reflected higher prices.

For every £1 spent on household food, an additional 2s. 6d. is spent on food eaten in canteens, restaurants and hotels. When all supplies are considered, the table shows the extent to which eating habits have changed since before the war. Last year people ate more poultry, vegetables, eggs and coffee than ever before but less fish, butter and flour than before the war.

WEEKLY CONSUMPTION PER HEAD

(ounces unless otherwise stated)

	Prewar	Highest during 1954-59	1960
Meat	33.85	35.75 (1957)	35.32
Fish	7.92	6.88 (1958)	6.51
Poultry	1.10	2.50 (1959)	2.89
Fruit	38.15	40.06 (1959)	39.39
Potatoes	55.97	69.42 (1955)	65.39
Vegetables	37.05	40.03 (1959)	41.35
Flour	59.85	57.60 (1954)	51.29
Milk, liquid (pints)	3.24	4.98 (1954)	4.84
Cheese	2.71	3.08 (1957)	2.98
Eggs (number)	3.87	4.60 (1959)	4.72
Tea	2.86	3.11 (1956)	2.95
Coffee	0.22	0.58 (1959)	0.65
Butter	7.60	6.15 (1958)	5.57
Margarine	2.68	5.63 (1954)	4.68
Sugar	31.66	35.54 (1958)	34.55

1960 Budget
Per Head

HOME REPORT

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

Ireland's Snap Election

“WHAT we call the ‘spirit’ of politics is more surely changed by a change of generation in the men than by any other change whatever.” Bagehot’s dictum should surely apply to the Irish election which will be held on October 4th. It will be the first in forty years in which the electors will not have the incentive of voting for, or against, Mr de Valera. His *Fianna Fail* party, which has been in office since 1957, will be led by Mr Lemass who succeeded to the premiership when Mr de Valera was elected President just over two years ago. The principal opposition party, *Fine Gael*, will be led by Mr James Dillon who took over its leadership about the same time.

It would be attractive to point to the differences between the two men who are now on their own for the first time. Mr Lemass is a Dubliner and, having been the patron of a tariff-protected industrialisation, draws much of his strength from the capital. Mr Dillon was Minister for Agriculture in the two inter-party governments of 1948-51 and 1954-57 and has always been the champion of an increased farm output for export and a critic of protective policies which increase costs. As the son of the last leader of the Irish Party at Westminster (and the grandson of one of the leaders of the 1848 rebellion), he belongs to an older element in Irish politics than Mr Lemass, whose career began in the 1916 rising.

But neither 1848 nor 1916 is particularly relevant to the coming campaign. Past elections have depended largely on whether people voted for or against Mr de Valera—which in its turn often depended on their view of the civil war of forty years ago. The line of division in Irish politics is vertical, not horizontal. Each of the major parties numbers farmers, professional workers and trade unionists among its members. The issues of the election do not lie along the lines of capital *v.* labour nor (yet) of city *v.* countryside.

Indeed it is remarkably difficult to find any true issue. The decline of population shown in the recent census will be held against the government, but it is increasingly acknowledged that no party has a specific against emigration. There is rather a feeling, based on the expansion of the national income and of exports in the last two years, that things are getting better. Partition, like emigration, is a Bad Thing; but voters know what has been happening to linen and shipbuilding and they realise that if Belfast should unexpectedly return to the fold, the immediate problems would be almost as intractable as those raised by a sudden end of emigration. The *Sinn Fein* party, which supports the actions of the illicit Irish Republican Army over the border and won four seats (which they did not take) in 1957, is again in the field. But IRA is widely regarded as wrongly directed and incredibly inefficient. It is symbolic that one of the *Sinn Fein* members, elected because his brother had been killed in a border raid, will not be standing again because he has gone to work in England. Lastly, both main parties support the application to join the Common Market, though it is probable that *Fine Gael*, with its eye on the farmers, is rather the more enthusiastic.

In the absence of issues, it would appear that Mr Lemass should romp home. He can afford to lose seats while Mr Dillon must win many, never an easy business under proportional representation. But it is not as simple as that. The new *Dail* will be



James Dillon: farmers' friend. Sean Lemass: tariffs for industry.

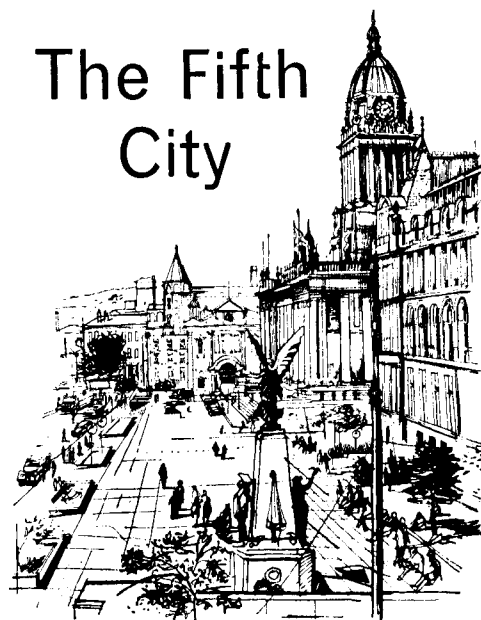
smaller by three seats, so an overall majority will be that much more difficult to retain. Again, the *Fianna Fail*'s triumph in 1957 did not come from a great increase in its votes, but from an abstention of *Fine Gael* voters whom Mr Dillon hopes to woo back. Mr Lemass's standing is high in the cities but it is doubtful if he inherits Mr de Valera's hold over the small farmers. On the other hand, it is generally only in the cities, and particularly in Dublin, that seats change hands. Neither side has won two elections running since the war, but Mr Lemass should do so this time.

HE may well, however, have lost ground in the last month. The summer witnessed a wave of wage demands which were encouraged by the government's refusal to fight a threatened bus strike. The most serious dispute concerned the electricians employed by the Electricity Supply Board, who went on strike. Power supply being threatened, Mr Lemass recalled the *Dail* for a special session. The legislation which was put through in a day did not, even in its original form, come near the expectations of drastic action which this show of energetic government aroused. Anticlimax was intensified by a series of government amendments which made the bill of no account whatever. In the event, the strikers got a bit extra and the legislation was never used; but the sudden reversal of policy in the course of an afternoon damaged Mr Lemass.

Since then, there has been a new wave of demands which, if they are settled along the lines of the ESB dispute, will certainly lead to heavy imports and worsened payments in 1962. The dissolution of the *Dail* at a rather earlier date than was expected, and the short time allowed for electioneering, suggest that Mr Lemass is conscious of the need for a new mandate. He is certainly right in this: the great need of the country in the next few years is for higher investment, a maintenance of consumption within present limits and greater attention to unspectacular matters such as the marketing of exports. The change of a generation has meant that the election will be fought against the background of the Common Market instead of the now tattered scenery of the civil war.

State of the Parties at Dissolution		
Fianna Fail	...	76
Fine Gael	...	41
Labour	...	12
Independents	...	9
Sinn Fein	...	4
Farmers	...	3
Other Republican	...	1
One seat, held by Fianna Fail, vacant		

The Fifth City



FROM A CORRESPONDENT IN LEEDS

LEEDS, now the fifth largest city in England, was the only big city to record an actual rise in population within its own boundaries, as distinct from in a city-and-suburbs, in this year's census. Its influx of 5,000 was modest enough, but it brought its population up to 510,000, just nicely above Sheffield's 494,000 (a fall of 19,000)—inevitably a matter of some importance to West Riding loyalties and pretensions.

Surrounding Leeds, the West Yorkshire conurbation and its fringes, too, have grown in the past decade, although not by any means at the pace of the West Midlands or the London region. Leeds's own growth-manship may be attributed chiefly to past success by the city fathers in extending the city limits when other municipal imperialists (despite dreams of grandeur and the population factor that enters into local government salaries) failed to annex new territories of their own. But now even Leeds seems to have lost its expansionary urge: it is not affected by present local government reorganisation schemes and the corporation has expressed no desire to extend its authority in recent years. Half a million looks like being the peak.

While Sheffield lives on steel, Leeds lives on diversity. This, rather than the “muck makes brass” cliché (although both muck and brass are distributed impartially and regularly in the city), accounts for Leeds's stable prosperity, broadly based on clothing, shopping, engineering, the professions and several other “service” trades. In most of these trades the familiar pattern of unfilled vacancies running above the level of those seeking jobs in the city has been visible for some time.

Unemployment in Leeds is now 0.6 per cent of the working population, half the national average. Labour is at a premium: the engineering and building trades are crying out for skilled workers, overtime is commonplace and shift systems are the rule.

This scarcity of labour is one reason why

some Leeds industrialists say they cannot expand further. But there are others. Most of the land which might be developed industrially is owned by the corporation, and firms would much prefer freeholds to the leases that they would have to be content with from the city. Commercial redevelopment is, in fact, a thorn in the flesh of owners of properties in the congested city centre. The corporation has ambitious plans for the centre but they are not expected to be revealed before the end of the year, and in the meantime property owners complain that large areas are stagnating because nobody will buy or sell until the corporation's intentions are known.

THE Jewish population of Leeds, originally attracted by the clothing trade, is, at 25,000, surprisingly large. But outbursts of racialism are fortunately almost unknown. When, some weeks ago, an official of the British National party in the city alleged that he had been attacked by a group of Jews, the report astounded Jews and gentiles alike. Even at the height of the Stern Gang outrages in the late 1940s Leeds was the one big city in which neither window breaking nor persecution of any kind occurred. One important reason may be that Jewish people are to be found in all spheres of life in the



Emperor's New Clothes

THE Savoy Hotel can seldom have seen anything like it: to be invaded by a disparate throng of distinctly bourgeois appearance before lunch must have been outside the experience of even that monument to bourgeois grandeur. The occasion last Monday was

only less bizarre than the *afficionados* it attracted. That despot of embattled British *couture*, Mr Hardy Amies (the Queen's dressmaker, it was whispered—thus unfairly diminishing his image to that of a seamstress in the Royal Mews), had fallen into partnership with a popular tailoring empire, Hepworths of Leeds, to rescue the British gentleman from the solecism of the British non-bespoke suit. Reduced to stifled embarrassment by the self-knowledge that comes with the company of better-dressed people, the press (for such was the throng) drew bitterly at its hand-tailored cigarettes and watched the launching of a new British Line—not a maritime but a sartorial venture designed to illustrate that we, poor snivelling, cough-racked and mothbitten we, are basically athletic in shape, tapering continuously from our natural-sloping, cleancut shoulders through our full chests to our plain (trouser) bottoms, shaped over our shoes. With these fine feathers, something of a Guards bearing, a feeling of confidence, poise and mascu-

linity could invest us all.

The shock, in the event, was rather one of recognition than surprise. From the welter of drainpipe trousers, Italian (type) bumfreezers, jeans, American lightweights, ex-army greatcoats and giant sweaters which currently inhibit the athleticism of young Britain, Mr Amies has filtered the least offensive elements; added to them his own Regency-style trouser (“like a second skin”) and an inflexible rule about cuff-buttons; and produced an almost wholly pleasing whole, free of major eccentricities and disarming to both casual (jeans at the Savoy) and formal (high collar at the beach) factions. Rich, but not gaudy; and so little costly as to be within the compass of the most anti-Establishment of purses.

Small as the achievement may sound, it is a triumph of ingenious compromise. If it catches the imagination of the “multiple” trade (and, more important, if it remains unresponsive to the grosser proclivities of multiple customers), Mr Amies's line may mitigate the uniform drabness of the urban male. But apparel oft proclaims the cringing animal within. Steaming faintly in a damp, baggy-kneed, amorphously-jacketed, down-at-heel and disreputably mackintoshed rush-hour mob, one is not sanguine of the eventual domination of the *haute couture des hommes*.





One of the Laporte plants producing Sulphuric Acid

One of the Laporte plants producing the Raw Materials of Progress

Laporte Industries Limited London England

L A P O R T E



THE WORLD OVERSEAS

German Politics

Come Alive

FROM OUR BONN CORRESPONDENT

IF they really mean what they are saying either in public or in private, a majority of the 741 deputies who will be elected to the Bundestag on Sunday is resolved to force Dr Adenauer into retirement; and this whatever the result of the polling, and sooner rather than later. Even Dr Adenauer's press chief and confidant, Herr von Eckardt, who is standing at Cuxhaven for the Christian Democratic Union under streamers inscribed "The Chancellor's faithful Eckardt," assured inquiring constituents on September 8th that it was not his eighty-five-year-old master's intention to lead the government for the whole of the next legislative period. Dr Adenauer, the faithful state secretary remarked warily, would make way for the present Vice-Chancellor, Professor Erhard, "after a certain time." He, Herr von Eckardt, did not think it would be wise to change the leadership immediately after the election.

Dr Adenauer himself has not yet said anything along these lines. But straws in the wind point engagingly to an impending change at the Palais Schaumburg. Keen observers claim to have discerned that Herr Erhard significantly omitted all mention of Dr Adenauer in the course of an election speech at Kiel last week. Other prominent Christian Democrats—notably Herr Gerstenmaier, the president of the Bundestag, and Herr Krone, the benign leader of the parliamentary party—have gently but publicly reprimanded their chief for having remarked that Mr Khrushchev had staged the Berlin crisis with the express purpose of helping the Social Democrats to oust the Adenauer regime. More obscure but equally restive, party members have been questioning in private the chancellor's future adequacy so unsparingly that the Social Democrats are merrily putting it about that the moment the election is over the Christian Democratic Union will send their veteran leader packing.

Previous occasions have seen mutinous talk in the Christian Democratic Union expire in a whimper—memorably, the talk of the disappointed Herr Erhard and his associates in 1959, when Dr Adenauer unexpectedly reversed his decision to exchange the chancellorship for the presidency. But this late summer's discontent is probably more purposeful, since, whatever Dr Adenauer himself may intend, the party can scarcely be counting on him as an indispensable election asset in 1965. That the Social Democrats are concentrating their fire on the Chancellor—"the old man can no longer grasp the situation," as Herr Brandt has put it—goes without saying. Their first condition for taking part in a national coalition—increasingly talked of as necessary as Mr Khrushchev intensifies his pressure against the West—would be Dr Adenauer's retirement. And the Free Democrats, who may hold the balance after the 17th, have stated that they would prefer to join a government headed by Herr Erhard, Herr Gerstenmaier, or Herr Krone. They might, they have been saying, accept Dr Adenauer for a while, but certainly not for long. All in all, it looks very much as though Dr Adenauer's 13-year-old reign is drawing to a close.



The candidates and the empty chair.

This almost incredible prospect, and its sombre background, have provoked an unexpectedly lively interest in the election. The west Germans, who politically have been complacent or fatalistic for many years, are stirred by a new sense of danger, and of the need and the possibility of change. They are suddenly talking politics and parties, reassessing the validity of long-held ideas and allegiances. Some 37.5 million of them are qualified to vote on Sunday. Of these, 55 per cent are women. Just over three million, or roughly one in ten, are persons between the ages of 21 and 25 who will be voting for the first time. Only six parties are putting up candidates in all of the ten federal states (Länder). These are the Christian Democratic Union, the Social Democrats, the Free Democrats (more or less national liberal), the All-German party (an amalgam of the disintegrated right-wing German and Refugees' parties), the neo-Nazi German Reich party (which is virtually neither seen nor heard outside Lower Saxony), and the German Peace Union, a new party under whose banner many of the pacifists, nuclear disarmers, neutralists, communists, and fellow-travellers are rallying. In the last Bundestag the Christian Democrats held 287 seats, the Social Democrats 182, the Free Democrats 44, and the German party 6.

With so little to choose between their policies, the three major parties are all conspicuously parading their distinctive personalities in the hope of dispelling the verbal confusion and winning the voter's confidence with the simple image of a steady gaze and a strong jaw. Seemingly every tree and post in the country has been commandeered by the Christian Democratic Union for displaying portraits of Dr Adenauer and Herr Erhard as the only begetters of prosperity and security; a sticker attached since August 13th adds that that is why Mr Khrushchev is trying to tumble them. The features of Herr Brandt, the Social Democrats' forty-seven-year-old alternative to Dr Adenauer, are almost as ubiquitously in evidence. Any deficiencies in his party's output of printed personal publicity has been made good by Herr Brandt's recent appearances on television as Burgomaster of Berlin in the hour of danger—accompanied now by Vice-President Johnson of the United States, now by President Lübke of the Federal Republic, and now even by none other than his fearsome antagonist, the present chancellor.

The Free Democrats have a highly presentable leader in Herr Mende, a forty-four-year-old former soldier of distinction and a ready and amiable speaker. They are also making as much use as good form allows of the association with their party of the much-respected ex-president Heuss. (A tactless poster showing

Professor Heuss and the colonel together in the flesh and "in spirit," had to be withdrawn early in the campaign.) The German Peace Union, too, are circulating as widely as their resources permit a portrait of their leader, Dr Renate Riemack, a forty-year-old professor of philosophy given to invoking the spirit of Dr Albert Schweitzer.

Hesitating voters have not been without advice from what strictly should be impartial quarters. Last Sunday a pastoral letter, read from the pulpit in all Catholic churches, urged qualified voters to turn out in force on polling day and to support whichever local candidate had committed himself to defending the traditional usages of the Christian Sunday and the sanctity of marriage. The Federation of Trade Unions has called on members to vote for "sound democrats," and to let the splinter parties well alone. The sound democrat, it seems, is identifiable by his interest in



Election tour in Schleswig-Holstein

German unity, in preventing dangerous concentrations of economic power, and in the promotion of rent control and higher insurance benefits. From east Berlin, the central committee of the proscribed west German communist party has advised former members to vote for the German Peace Union.

A public opinion poll taken by the Emnid institute between July 31st and August 14th—before, that is to say, the Berlin crisis had shaken people's thinking—recorded that the Christian Democratic Union had the support of 31 per cent of those questioned, the Social Democrats 26 per cent, the Free Democrats 6 per cent, the All-German party 4 per cent, other parties 2 per cent and that 31 per cent had not made up their minds. In a similar poll concluded on September 9th, four weeks after Herr Ulbricht had sealed off east Berlin, 44 per cent of those expressing an opinion said they would vote for the Christian Democratic Union, 39 per cent for the Social Democrats, 11 per cent for the Free Democrats, 3 per cent for the All-German party, and 1 per cent for the German Peace Union. But 29 per cent were still undecided. Thus Dr Adenauer's absolute majority still looks problematic, and the prevailing feeling is that he may not get it. There is not long to wait now for the figures that matter.

A World Seen from Paris

FROM OUR PARIS CORRESPONDENT

MIRACLES do not solve problems, though they may postpone them. General de Gaulle, returning to Paris after his narrow escape on the road to Colombey on September 8th, has found a somewhat altered situation. Despite such a timely reminder that circumstances are still "exceptional" and that the use of article 16 is therefore, justified, the parliamentary offensive against his special powers did not quite fizzle out. The protests of the farmers have temporarily faded into the background. But Algeria still figures high on the general's current agenda; and so does Berlin. General de Gaulle probably sees a link between the

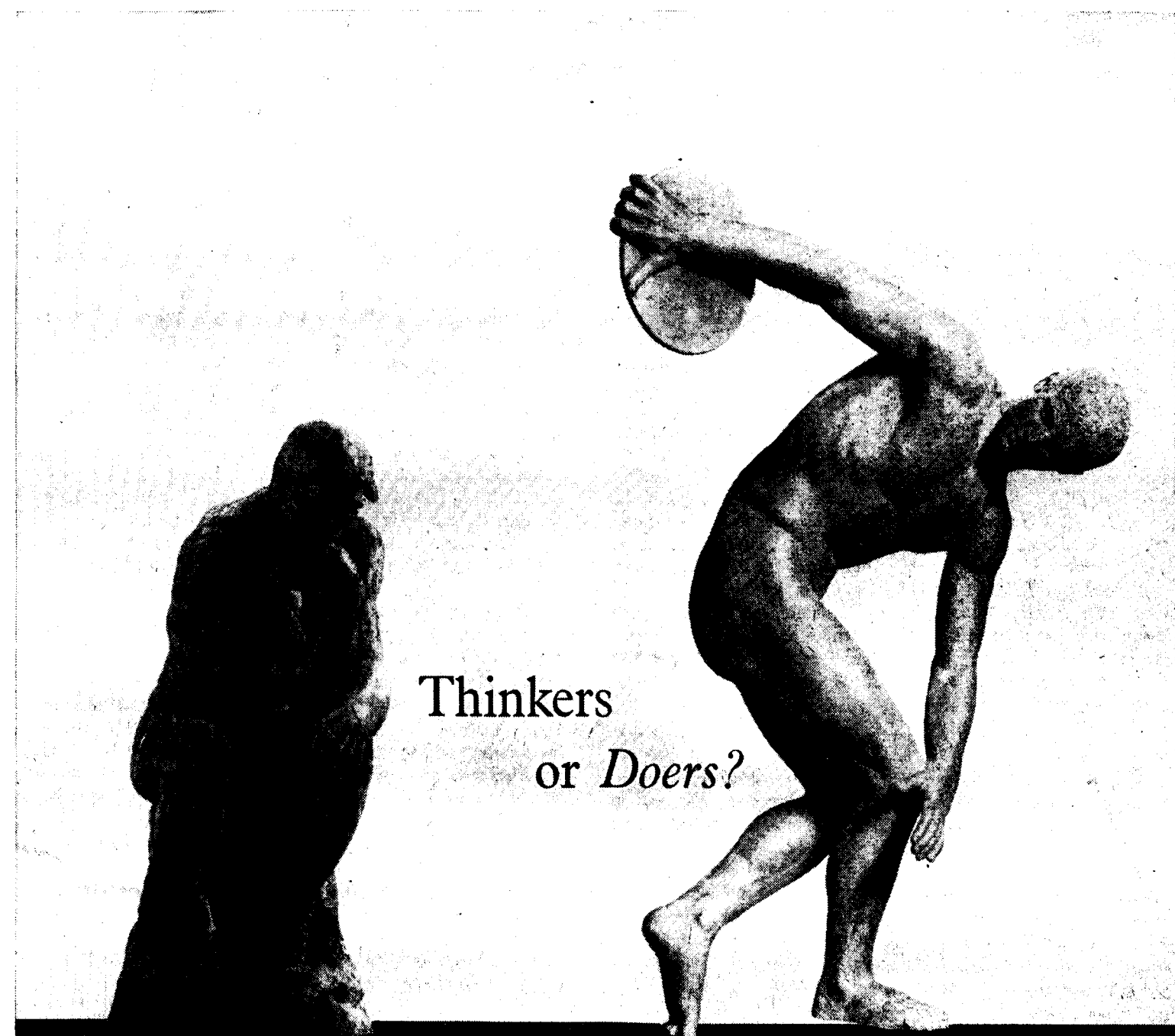
two in the dual problem that dominates the life of the Fifth Republic: the part to be played by the armed forces in the national life of France, and their distribution between Africa and Europe.

As soon as the first shock of the abortive attempt wore off, attention in Paris turned to the armed forces. Would the army have moved to fill the political vacuum if the general had been killed? Less hypothetical is the question of the attitude of the officers' corps. Poujadist plotters in south-west France, or the fascist fringe in the capital can provide auxiliaries, thugs or assassins, but they are not taken seriously as contenders for supreme power. On the other hand, have the arrests of Generals Vanuxem and de Crèvecoeur and of Colonel de Blignières really beheaded the French branch of the underground *Organisation de l'Armée Secrète*? The OAS is a hydra, fed by the Algerian war. It is in Algeria that its effective leaders—General Salan and his colonels—though sentenced to death, carry on their activities. They could not have remained uncaught and unharmed for so long if the undoubted sympathy of the European population were not reinforced by some complicity in the armed forces. That complicity may be based on the solidarity of the profession, but it has been strengthened recently by General de Gaulle's theory of "disengagement" from Algeria and his decision to move some units back to France because of the Berlin crisis.

HEREIN probably lies one reason why the French government shows no haste to resume negotiations with the Russians. General de Gaulle, in his press conference on September 5th, provided two clues to the French attitude. One was his own "sorrow" that France no longer has at its disposal the resources that it used to command in its days of glory. There is no hurry for a conference where one is to play second fiddle. The second reason was his belief that concessions will merely whet Mr Khrushchev's appetite, and therefore that the best plan is simply to wait and see. It is, moreover, a lucky coincidence that the crisis, while it lasts, has some advantages for the French government.

The international tension enables Paris to plead that it must hold on to Bizerta. It also enables General de Gaulle to tell his officers that their real mission lies in Europe. The 11th Light Infantry Division—including shock troops—was brought back from Algeria at the end of July. The 7th Armoured Division is now following suit. Others may follow. This does not mean that all officers share General de Gaulle's order of priorities. It is whispered in Paris that the sick leave of General Olié, chief of staff of national defence, is not unconnected with disagreements over troop movements. Rumour has it that two possible successors to General Olié have turned down the post and that several hundred officers have handed in their resignations in recent months. There is, obviously, no enthusiasm in the army for the transfer to Europe, but the Berlin crisis enables the government to present this alternative with a sense of urgency.

It was thought, at first, that the French government's reluctance for talks with the Russians was mainly inspired by its close ties with Bonn. Yet its attitude remained unchanged even when Dr Adenauer had come round openly to negotiations. The French do not have, or at any rate do not feel, the same reasons as the Germans for keeping in line with Washington. Nevertheless, there is something less than unanimity in Paris about the lengths to which opposition to a conference ought to be carried. The French representatives in the allied councils will insist that stiff terms be put to Mr Khrushchev and that nothing be conceded without getting something in return, but if the present American soundings are found satisfactory (which is doubted), they will not oppose a conference at the highest level. General de Gaulle, it is said here, will be a reluctant climber, not an absentee. It is, however, on the road to the summit, particularly if it is widened to include



Both! Wimpey is a world of contrasts. Thinkers *par excellence*, for example, at the Wimpey Laboratories, where the quality of their work for Consultants, Local Authorities and Governments, has gained an international reputation. Doers too, are Wimpey—Europe and the Commonwealth's biggest building, civil, mechanical and electrical engineering contractors. Big enough to take a £20 million dam in their stride, and flexible enough to build a private house. Wimpey are world-wide yet Wimpey remain local. Wimpey are mechanised, with plant costing £12 million, yet Wimpey are people—over 26,000 efficient, on-the-spot, friendly, good-at-their-jobs people. So if you want Thinkers or Doers, for a small job in Sunderland or a dry dock in Karachi—or are thinking of a more substantial future for yourself—get in touch with Wimpey.

The thinking, doing, versatile world of

WIMPEY

Wimpey Composite Service embraces... BUILDING • CIVIL ENGINEERING • MECHANICAL & ELECTRICAL ENGINEERING • FOUNDATION ENGINEERING & RESEARCH LABORATORIES
Major U.K. Offices: BIRMINGHAM • BRISTOL • CARDIFF • EDINBURGH • GLASGOW • LEEDS • LIVERPOOL • LONDON • MANCHESTER • MIDDLESBROUGH • NEWCASTLE • NOTTINGHAM • SHEFFIELD
Overseas Divisions: AFRICA • AUSTRALIA • CANADA • CARIBBEAN • FAR EAST • MIDDLE EAST • SOUTH AMERICA
GEORGE WIMPEY & CO. LIMITED • HAMMERSMITH • LONDON W.6 • RIVERSIDE 2000

disarmament, that differences of approach are likely to appear among the allies.

Washington seems to have entertained, for a while, the illusion that the French might subscribe to the Anglo-American proposal to suspend all tests in the atmosphere. The French price for such an alignment, however, is a share in American nuclear secrets. Without it Paris is not interested in anything but a comprehensive disarmament plan, starting with nuclear weapons. General de Gaulle has just restated this position, but it is worth watching for any signs that Soviet pressure may be pushing the French and the Americans towards a compromise.

Last week's announcement that French troops are to be trained in Germany in the use of American nuclear weapons does not change the position. While the announcement is new, the agreement is not (it dates from July 27th); nor is it very important. Most Nato countries, including France, have units familiar with the American missiles that are available in Europe. The publicity given to the whole affair is simply part of a public relations effort. More important, if confirmed, would be two stories now circulating in Paris. One is that the American bombers, which left France two years ago because they were not allowed to stockpile their nuclear weapons, might be returning soon. The story has been put about so often that it is now hard to believe. More serious is the news that a French military mission on a recent visit to the United States expressed its interest in the purchase of the Pershing missile. The Pershing, the latest tactical rocket, is only now being handed over to the American forces (though German orders have also been placed). It has a range of some 700 miles and is very expensive. Its purchase would only make sense if it were to be equipped with nuclear warheads. But since France is unlikely to produce such warheads before 1965 this would raise again the whole controversial question of dual control of the warheads that exist already.

The negotiations for the purchase of the Pershing missile may reveal some change in the hitherto rigid gaullist line. General de Gaulle is, indeed, in a dilemma. To attract into Europe his officers—who see power and a mission in the djebels of Algeria—he cannot offer them less than the prospect of a modern army with up-to-date weapons. But, for the time being, he can only obtain such weapons by renouncing what has been, so far, his conception of nuclear independence.

This is one of the problems facing the French President after his fortunate escape on the road to Colombey. It is somewhat unfair to accuse him, as is now the fashion, of showing more courage in the hours of crisis than foresight during the intervals between. The charge is based on a misunderstanding of the gaullist conception of power. General de Gaulle has never hidden his distaste for the parliamentary turmoil, party strife, and indeed the interplay of articulate political opinion in any form. He feels himself in his element when the circumstances are "exceptional," when all power is concentrated in his hands. If the system does not work, it is because of the army's refusal to fit into it and to perform, dutifully, its important role. The story of the last forty months can be described as a continuous effort by General de Gaulle to transform the armed forces—through promotions and dismissals, promises and threats—into an obedient instrument of the civil power. His escape from assassination has given him another opportunity. The popular mood is favourable, at least for the moment. Documents seized by the police should enable them to pursue the purge of the officers' corps, instituted after the abortive coup in Algiers in April. The international situation makes it easier to proceed with the army's transference to Europe. But time will not have a stop. If the present respite is not used more successfully than earlier ones were, the conviction will grow that the Fifth Republic must drag on from "miracle" to "miracle," much as the Fourth did in between its government crises.

Arabian Knights

So much for those of little faith. With the arrival this week of its first contingents, the Arab League force in Kuwait begins to take material shape. General Abdullah Issa, a Saudi Arabian, flew into Kuwait on Tuesday to take command of a force that is expected to be at full strength by the weekend with a complement of about 3,000 men. Most of these Arab warriors come from Saudi Arabia and the United Arab Republic, with rather smaller units from Sudan, Jordan and Tunisia; the deputy commander is a Jordanian. The Saudis are providing combat troops and the Egyptians according to the latest reports, logistical units. From the beginning, the UAR has played a very cool hand, insisting that a joint solution should be found to a joint Arab problem.

Whatever bickering and trouble may lie ahead, the formation of the Arab force is a triumph for the Arab League, which eight weeks ago accepted Kuwait as its eleventh member and undertook to protect its independence. During the interval, a league mission led by an Egyptian general has been touring the Arab capitals trying to persuade the various governments to translate the boldness of a conference decision into men and materials. It has not been easy; the only precedent for a united Arab force was the unhappy one of the Arab army that fought and lost the Palestine war, and this time they were being asked to face the possibility of clashing with other Arabs. But self-respect, and an enlightened view of self-interest, prevailing, the joint venture has begun.

When, and how, it will end must depend on General Qasim. With the persistence of a scratched record, he has been reiterating Iraq's claim to the sheikhdom and his belief that in the not so distant future the two will be one. In one of his wilder outbursts he declared that Iraq "must eat them for lunch before they eat us for dinner," adding, as a quick afterthought, that it was the imperialists who had to be eaten, not his kinsmen in Kuwait. Probably no less absurd is the rumour, generated in Kuwait, that General Qasim had been hindered by a mutiny in his army from attacking the sheikhdom last Thursday. But this report is symptomatic of an uneasiness that may increase during the change-over between the British and the Arabs. On Sunday, the ruler of Kuwait reaffirmed the agreement under which the British are expected to help the Kuwaitis if asked to do so. The getting together of an Arab army to police Kuwait's frontier is a fine boost for the concept of Arab unity, but the danger is only fended off.

Planning Uganda's Future

FROM OUR CORRESPONDENT IN KAMPALA

LANCASTER HOUSE could not accommodate everyone who would like to attend the Uganda constitutional conference, booked to open next Monday, September 18th. It is a measure of the intricacy of Uganda's problems that a comparatively small territory is sending to London one of the biggest delegations ever seen at this type of meeting, and still there are protests from people who have been left out. Some of the most important delegates, however—the representatives of the Buganda kingdom—have been reluctant to appear at the conference table.

The object of the conference is straightforward enough. It is to work out a constitution under which Uganda can achieve internal self-government, and then full independence, as quickly as possible and so keep up with its East African neighbours. Mr Benedicto Kiwanuka, the chief minister, has set his sights on "uhuru" in 1962. But to achieve an agreed constitution and an acceptable timetable will require the most careful balancing of competing interests.

The proposals to be put before the conference by the Secretary

of State will probably follow the main outlines of the Munster Report (see *The Economist*, July 1st, page 26), which suggested that the future constitution should be democratic, but should provide a guaranteed status for the traditional rulers; and that the constitution should be a mixture of unitary and federal systems, with direct government for the districts, semi-federal status for the Kingdoms of Toro, Ankole and Bunyoro and a federal relationship between Buganda and the central government. These suggestions have met with fairly general approval in Uganda.



Four princes of Uganda: Buganda, Bunyoro, Toro, Ankole.

There is still some anxiety about the exact position of the traditional rulers, and Mr Macleod has therefore invited the Kabaka of Buganda, the Omukama of Bunyoro, the Omukama of Toro, the Omugabe of Ankole and the Kyabazinga of Busoga to pre-conference talks in London; but the rulers will probably accept their constitutional role gracefully. The district councils have mostly agreed with the report and the three kingdoms are reasonably happy with the degree of autonomy offered them by the semi-federal arrangement.

The Buganda problem is less tractable. Talks between the Governor of Uganda and the Kabaka's ministers are rumoured to have reached agreement on most difficult points, except that of the financial relationship between Buganda and the future Uganda government. Understandably, this is a sore point just now, when the financial administration of the Kabaka's government is under criticism from the Protectorate government, which has approved its current estimates only on a six-months' basis and on condition that there will be reforms. Points like this will assume more or less importance according to how badly the Buganda leaders want to bring their kingdom into the future Uganda.

The signs are that the Baganda have realised that they must sooner or later come to terms with the rest of Uganda. Naturally the present holders of power do not want to lose their positions in the process—which might well happen if the kingdom were to have free elections. Hence the Munster concession allowing the Lukiko (the Buganda parliament) to act as an electoral college, to select Buganda's representatives for the central legislature, on condition that the Lukiko is democratised first. This condition may now be avoided by a bargain struck between the Lukiko constitutional committee and the Uganda People's Congress, the opposition party in the present Uganda Legislative Council. The precise terms of the deal are not yet known, but it is probable that Mr M. A. Obote, the UPC leader, has conceded the Lukiko's right to choose the Buganda members in the future Legislative Assembly without itself undergoing a drastic change. The UPC has bid surprisingly high for Buganda's alliance, considering the good prospects it already has of winning the next general election.

Whatever the effect on the fortunes of the political parties, the alliance does provide an immediate way for the Buganda

delegates to get to London. The Kabaka's government had left it rather late to undo the intransigence which its whole course of conduct in the past year, including the abortive "secession" of January 1st, had encouraged in the Lukiko. On August 29th the Lukiko most pointedly ignored the subject of the London conference, and its sanction for the Buganda delegates to attend the conference was not given until the last minute. Now that Buganda has decided to join the conference, the initial bargaining will be harder; but it should be easier to agree on a constitution in London with the Buganda delegation present, than to settle the constitution without the Baganda and afterwards sell it to them.

Two emotive issues may make agreement in London especially difficult. One is the long-standing quarrel between Bunyoro and Buganda about the "lost counties," said to have been taken from Bunyoro and given to Buganda after the wars of the 1890s. The second is the question of the head of state. The Munster Report recommended putting this problem into cold storage, by the appointment of a governor-general, but this solution may no longer be acceptable to judge by the unfriendly reception given to the announcement that Sir Walter Coutts is to succeed Sir Frederick Crawford as Governor of Uganda in November. Some politicians claim that the appointment of another governor is an anachronism at this stage.

But even such difficult problems as these need not be insuperable, provided that the delegates really want to find a settlement. The composition of the delegation is on balance favourable to a happy outcome. After all, no one—not even the most diehard traditionalist—stands to gain by indefinite delays.

Peking Hesitations

FROM OUR HONGKONG CORRESPONDENT

THIS year's convocation in Peking of the National People's Congress is now nearly six months behind its normal schedule (March). This is not surprising. In past years of difficulty, the politburo has always managed to suppress its basic democratic instincts and, by discreet procrastination, to protect the national "parliament" from heretic suspicions that there might be problems which the party was unable to resolve.

True, this is already a record delay. But then all the indications are that record difficulties are bedevilling the politburo. The food problem grows worse. The cutback in industrial development and production is humiliating and will require a deal of patient rationalisation. Cholera has been belatedly reported in the south—allegedly "not true cholera," but some variety of disciplined, party-line cholera. The fraternal differences of opinion with the Kremlin over dogma and status have seemingly led to unworthy Soviet reprisals in Chinese spheres of authority. There are even firm and plausible reports of differences inside the politburo, between Comrade Mao's academic following and Comrade Chou En-lai's planners, over the wisdom of continuing ideological disputation with the Russians when current economic difficulties all stress China's vital dependence on Soviet aid.

According to the planning chairman, Li Fu-chun (reputedly Chou En-lai's goad) at the last National People's Congress (held on time in March last year), investment in capital construction for 1959 totalled 31.7 billion yuan, while planned investment for 1960 was set at 38.5 billion yuan. Authoritative and conservative calculations here reckon the total investment in capital construction for 1961 at not more than 16 billion yuan. This remarkable decrease, even allowing for a billion yuan one way or the other, is vivid statistical confirmation of the strains and stresses which the party's original targets for industrial growth imposed on the national economy.

The changes in the communes—"small freedoms" decentralisa-



tion and, above all, the prudent paring down of large units—all reflect the ideas of Chou En-lai, who, in the days of the co-operatives, publicly proclaimed his personal doubts about the intelligence of merging small co-operatives into unwieldy agglomerates. These revisions, indeed, represent a revival of the so-called “tidying-up” restraint imposed on Chairman Mao and his theoreticians at Wuchang in December, 1958.

No workers may be recruited from the countryside for industrial work for the next three years. All available urban labour has been diverted to the farms. It is estimated that in the last four months more than eight million people were abruptly removed from factories and towns to agricultural work. Altogether, it is believed that 20 million people were transferred from non-agricultural production to the farms between mid-1960 and April, 1961.

Some experts here insist that China's grain production last year did not exceed 170 million tons. Chou En-lai said in November that the grain total would be less than the officially claimed 250 million tons of 1958 but more than 1957's 185 million tons. There are suggestions that the real production figure in 1959 (when 270 million tons was the official claim) did not in fact exceed 200 million tons.

The only hard target that has been mentioned so far is “the doubling of grain production by 1970.” To achieve that distant miracle, the mechanisation of agriculture is supposed to be promoted in three stages over a 10-year period, the critical stage falling in the 1965-67 period of the third five-year plan. According to the latest claim by the Peking *People's Daily*, there were 79,000 agricultural tractors in operation in China in 1960, an increase of 20,000 over 1959 and of 33,670 over 1958, when the communes were introduced.

Chou En-lai seems to have been guilty of an indiscretion at the beginning of the year, when he warned visiting Japanese industrialists that they should prepare for pending Chinese contracts by July, because the politburo, he claimed, would then have before it, at an unprecedentedly early date, the blueprints for the third five-year plan (1963-67). It seems a reasonable deduction that the meeting of the National People's Congress has been delayed because these blueprints are not yet ready or acceptable.

The sustained doubts about agricultural production, explicit in further imports of grain from Canada and new inquiries in Australia, could well hold up the most careful and prudent plans. If food supplies are uncertain for 1962, even conservative industrial plans for 1963 and later could seem unreal to the most trusting democrat in the National People's Congress. The politburo planners may well be reproaching the theoreticians for injudicious doctrinaire disputation with the Russians, whose aid on Russian terms remains essential. But the theoreticians, in turn, must be insisting that the planners' blueprints do at least outrage India's new plan and also that they do not make a sour joke of Mao's inspired leadership by wretched contrast with Mr Khrushchev's glowing 20-year prospectus.

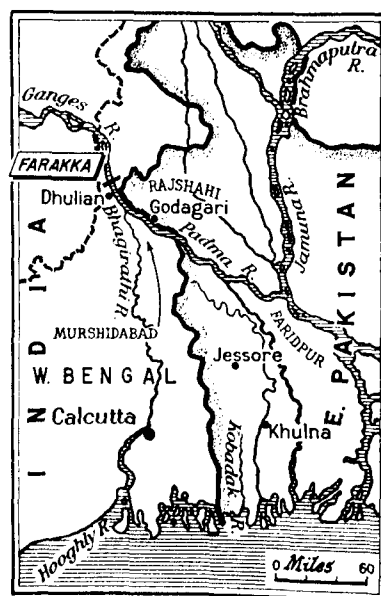
A New Indo-Pakistani Dispute

FROM A CORRESPONDENT IN CALCUTTA

A NEW Indo-Pakistani dispute has cropped up which could become a serious source of discord, as the Indus waters dispute was until it was settled through the mediation of the World Bank. The new quarrel is also over the use of river waters; those of the Ganges on the Bengal border. It arises from India's decision to build a barrage across this river, at Farakka, near the East Pakistan frontier.

The barrage project was conceived at least ten years ago, in order to resuscitate West Bengal's dying river system, and thus save Calcutta port; to control floods, and to provide a direct water link between northern and southern Bengal. But even after Farakka had been chosen as a site, New Delhi shelved the plan until last year when, as if woken up by a sudden jolt, it announced its decision to go ahead with it expeditiously. By now many of the preliminaries have been completed, and efforts are being made to complete the project within the scheduled eight years.

It is said that it was political pressure from West Bengal, where the barrage scheme has aroused great expectations, that forced Delhi to take the long delayed decision at last. The greater pressure, however, appears to have come from the World Bank, which has been taking an active interest in the development of Calcutta port.



One of its missions has warned the Indian government that unless economic development is encouraged through the immediate improvement of Calcutta port and city and the adjacent industrial belt, the country's whole economic programme will encounter serious difficulties. The Bhagirathi-Hooghly river, which serves Calcutta port, is gradually silting up, and its navigability is already poor for the greater part of the year. The salinity of the river is also already increasing owing to the action of the tides, and this is a danger to the health of Calcutta's three million people, who have no other water supply. These dangers can be counteracted only by increasing the flow of the river by means of a barrage such as the one planned at Farakka.

Below Farakka, the Ganges branches off into the Bhagirathi-Hooghly flowing through Indian West Bengal and the Padma through East Pakistan. If India diverts 30,000 to 40,000 cusecs (cusec = cubic foot a second) of water into the Bhagirathi-Hooghly by a feeder canal, as it proposes to do, the flow in the Padma would be affected to a corresponding extent. Pakistan contends that this would impede its current drive for self-sufficiency in food by affecting its new irrigation projects, especially in the south-western zone which depends entirely on the Padma. In this zone the present irrigation and drainage facilities are poor, and droughts and floods still do serious damage. The Pakistan government's multi-purpose Ganges-Kobadak scheme is designed to irrigate two million acres of this land with Ganges water.

When President Ayub Khan of Pakistan wrote to Mr Nehru protesting against India's unilateral decision to implement the

The Economist

reports trend . . .

DAILY MAIL reverses it with **16 %** rise in Advertisement Revenue

As reported in The Economist (*September 9th issue*) “In the second quarter of 1961 the advertisement revenue of the national dailies and Sundays was nearly 4½ per cent less than in the second quarter of 1960.” IN THE SAME PERIOD, DAILY MAIL ADVERTISEMENT REVENUE SOARED BY 16%.

(Source: The Statistical Review of Press Advertising)

The trend is towards the **DAILY MAIL**

Enquiries to : Advertisement Manager, Daily Mail, Northcliffe House, London, E.C.4

Farakka barrage project, he suggested that a ministerial conference should be held immediately. The Indian prime minister, however, suggested that a meeting of water resources experts should first take place so that ministers could later discuss the matter more usefully. Accordingly, hydraulic experts from both countries have already met several times; at the last meeting the Indian delegation was taken on a tour of the East Pakistan areas which the Ganges-Kobadak scheme is to serve. At the next meeting of the experts, Pakistan will be required to substantiate its case with fuller information. But the chief Indian delegate has already declared that India sees no reason to alter the project site; that Godagari is not suitable as an alternative site (this with reference to the Pakistani suggestion that Godagari, on the section of the Padma that follows the frontier, should be chosen as the site for a barrage constructed as a joint venture for the benefit of both countries); and that the Ganges-Kobadak project has been drawn up in too imprecise a manner for any scientific assessment of the actual requirements of water to be made. It is not expected that the next meeting of experts will produce a different outcome.

Subsequently, India's deputy minister for irrigation and power, Mr Jaisukhlal Hathi, stated in parliament that an Indo-Pakistani ministerial meeting is now contemplated to discuss the "distribution of the waters of the eastern rivers," and that India always keeps it in view that its Farakka barrage project should not affect Pakistan's "reasonable interests." This was followed by a declaration by Mr Nehru that notwithstanding the proposed negotiations with Pakistan, the carrying out of the barrage scheme will on no account be suspended or stopped. It remains to be seen whether Pakistan will be satisfied with the restatement of India's good intentions, or whether it will choose to make some other move if the outcome of the proposed ministerial meeting is not to its liking.

Nothing Tangible for Tangier

FROM A
MEDITERRANEAN CORRESPONDENT



FOR the last 18 months Tangier has been sliding downhill into what, for Tangerines, is an unfamiliar abyss of economic normality and conventional morality. After years of economic and financial privilege, and uninhibited sin, Tangier has found it difficult to adjust itself to present-day realities. It has wilted; and the only people who are pleased are the expatriate residents, who do not have to make a living out of the place, and who are delighted to have space to park their cars.

Tangier in its days of privilege and prosperity was a cow that could be milked by Rabat. Now, as just another Moroccan town, full of complaining business men and unemployed working men and working girls, it is fast becoming a liability. As if to rub salt into the wound, across the way, stable humdrum Gibraltar has never had it so good. In an attempt to arrest the downward slide and to restore confidence in Tangier's future, King Hassan II recently paid a visit and made a speech. To show the importance the King attached to the occasion, the royal party made a special effort and arrived only an hour late; and to show the importance

they attached to the visit, the people of Tangier turned out in large numbers and gave him a warm welcome.

The King spoke of his "primordial concern" for Tangier, and listed as evidence some measures that have already been taken. The compulsory routing of northern Morocco's imports and exports through Tangier has, it is true, brought goods and produce in transit which used to go through the Spanish port of Ceuta; but the cynical say that the main practical effects of this diversion have been to put up the prices of imported goods and to delay the delivery of exports. The special incentives offered to investors in approved local projects like sugar refineries and textile mills look fine on paper, but the number of applications received has not yet reached double figures. In addition 2 million dirham—about £150,000—has been allocated for what, in effect are relief works designed to mitigate the rising unemployment.

THE Tangerines hoped for something tangible from the King's visit—something immediate, like a reduction in the property and business taxes. This they did not get. They got some dazzling promises: a brand new harbour, a king in residence for two months every summer, a shipyard, and, best of all, a free port zone. In a few years, someone said, Tangier (pop. 180,000) would be a city of a million people.

Work is in progress on this new free port zone, an area of reclaimed land near the Yacht Club. The King announced that reclamation was to be accelerated. But nobody knows yet just how (or, indeed, when) the free port is going to work, or what arrangements there will be, if any, about freedom from the prevailing currency restrictions within the free port area. The depth of water on the flanks of the reclaimed land is only enough for small coastal vessels. There are no facilities for oil bunkering or piped supplies of water as there are at Ceuta and Gibraltar. The prospects of building up a genuine entrepôt trade are, therefore, still vague, though there are, as always, ill-disposed people who talk of a smugglers' base just clear of the frontiers of the future integrated Europe. Plans for the new port and the shipyard are more nebulous still. There is talk of a breakwater to keep out the east wind which has frustrated Tangier's development as a port since the days when the British acquired the place, and within 20 years gave it up again, in the seventeenth century. There are rumours of Russian and Czechoslovak experts preparing plans for a yard where ships, which now have to be purchased abroad, will be built and repaired.

Few people in Tangier take these plans and promises seriously. It is not that they doubt the King's desire to help, for, like many other people, Tangerines in the know have been much impressed with the transition of the play-boy prince into a conscientious ruler. But the grocer's bill cannot be paid with long-term plans, and the worries of the trading community in Tangier are pressing. It is estimated that about 800 foreign firms, as well as all the commercial banks, have closed down or left in the past year and a half. Some have remained in the hope that the tide would turn. These people listened politely and hopefully to the King's speech, and then set their private spy systems to work to find out what substance lay behind the words. Now they, too, are beginning to realise their assets and pack their bags.



If **World Business**
is your concern
talk to the people
at Chase Manhattan

World business is truly Senior Vice President Alfred W. Barth's background.

Years of experience here and abroad have given the administrative head of Chase Manhattan's International Department an intimate knowledge of the opportunities, the problems and the personalities involved in world business today.

Moreover, the Bank's International Department is staffed with area specialists—men thoroughly grounded in the commerce and customs of the world's most important business centers.

And in the most important business centers of the world there's a Chase Manhattan Overseas Branch or Representative to locally implement the financial planning performed by the International Department for good customers engaged in world business.

Why not talk to the people in Chase Manhattan's International Department about your world business interests? Write to International Department, The Chase Manhattan Bank, 1 Chase Manhattan Plaza, New York 15, N.Y.

**THE
CHASE
MANHATTAN
BANK**

Member Federal Deposit Insurance Corporation



aluminium



Aluminium makes things cheaper to own



Aluminium castings in Alcan Enfield alloy LM.2

Stand up who wrote alcuminium!

It's not a bad attempt, but whoever wrote it should have made two words: Alcan Aluminium. Now, will you all stand up, please, and examine your desks and chairs to see exactly what I mean . . .

Schools of every kind throughout Britain are equipped with desks and chairs made from Alcan aluminium by E.S.A. of Stevenage. Manufacturers choose aluminium because it can be cast to almost any design, is light to handle, and easy to assemble and transport. Schools favour aluminium for desks and chairs because it makes them strong and stable. The chairs are also simple and safe to stack. They are ideal

for export because they are robust and termite-proof and thus keep replacement costs to a minimum.

Thousands of these desks and chairs, highly competitive in price, are produced each week—a fact that is a lesson in itself. For it shows how our children learn to appreciate the modern metal that will help to shape their adult lives.

ALCAN

Britain's most widely used aluminium — from Canada



AMERICAN SURVEY

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

The Pentagon Prepares

WASHINGTON, DC

TO outward appearances over the past two months the United States has been methodically placing itself in a position to fight—if it must—a new war in Europe mainly with the weapons and tactics of the last war. The latest, but not the final, stage in this process, for which the ugly word “mobilisation” is avoided, is the reinforcement of the Seventh Army in Germany with 40,000 troops, specialist arms, armour and equipment. The President's plan for strengthening the military forces is taking shape phase by phase; a not unimportant aspect of it is to awaken the country by the repetitive effect (practised so successfully by the advertising fraternity) of a daily stream of military announcements in black headlines.

The Army, which pleaded in vain at the time of the defence budget last February for an additional 50,000 men (the plea was refused partly because it was suspected that they would be wasted in overblown establishments), is to be built up from a level of 860,000 men (10,000 below authorised strength) to 1,008,000 not later than June, 1962. By October 31st the Army's strength will be about 967,000 men, to be achieved by recalling 50,000 reservists, retaining 84,000 enlisted men due for release and increasing the number of conscripts (who are used to man the Army only). The trained cadres and complete units sent to Europe will be replaced out of the reserves; to be ready to replace army divisions which may be sent overseas, four divisions of the National Guard (rough equivalent of the British Territorials) are being built up to strength as fast as the training camps can deliver the men. The Army is thus being expanded not *en masse*, but by formations as they are ready for service. The total number of ready reservists is 4 million, 400,000 of them in the National Guard.

The emphasis is on the Army. However, the Navy is to recruit 26,800 more men, and is taking old ships, mainly for anti-submarine duty, out of “mothballs.” The Air Force is recruiting 63,000 more men and its parallel increase in equipment is achieved simply by retaining six B-47 bomber wings (370 bombers) due to be disbanded as obsolete (they require air-tankers to give them the requisite range). Both the Air Force and the Navy are, of course, receiving new equipment, but deliveries cannot be expedited. Nor will the orders placed for new Army equipment materialise quickly. American reporters noted glumly that the 1,500 men sent to Berlin carried weapons most of which were inferior to those of the Russian troops; the shortcomings of the material in the hands of reservists on manoeuvres this year have also been observed. The cost of these preparations is \$3.4 billion and the men sent to Europe will add about \$150 million to the debit side of the American balance of international payments.

But what is the thinking behind all this? The only battle with conventional weapons of which there is any immediate prospect would seem to be against a force (presumably east German) obstructing the *autobahn* leading to Berlin. Few American strategists think that any such battle would be protracted or would involve divisional strengths; either one side would withdraw or

nuclear war would explode. The only other conventional contingency would seem to be a Russian attack on the North Atlantic Treaty Organisation's shield (perhaps after an attempted American probe down the *autobahn*)—a quick, but non-nuclear *blitzkrieg* to grab western Europe. If this is really conceivable, it makes sense to strengthen General Norstad's forces to the level of 30 divisions which was planned years ago. A stronger Navy also makes sense; for presumably in that event the Soviet Navy, poised for its Arctic manoeuvres, would disrupt the Atlantic supply routes.

But such a supposition contradicts long-held allied views, for not only does the American Department of Defence assume that any attack on Europe would develop into all-out nuclear war, but Mr Khrushchev has also concurred publicly with this opinion. Moreover, the build-up hardly fits in with the American estimate that allied strength in Germany is substantially superior already to the conventional forces which the Russians have in east Germany, that the strengthened Seventh Army alone is equivalent in “force levels” to the immediate Russian divisions facing it. It is fallacious to add up ground strengths in terms of divisions, which are a variable yardstick nowadays. Seventh Army is still rated as having only five divisions, yet will contain nearly 300,000 men; a Russian army of that size would be counted as having up to 20 divisions. Thus on the equation that the attacking force must have a three-to-one superiority, no conventional *blitzkrieg* would seem possible; likewise this equation rules out any successful allied attack eastwards.

SUCH reasoning dominated Mr Kennedy's military thinking when he took office. Then came, after the Vienna meeting with Mr Khrushchev, the call for “flexibility” and “non-nuclear choice”; but how much additional flexibility this conventional build-up is supposed to confer it is hard to say. One of the justifications now advanced for it is that conventional forces must be adequate to handle several threats simultaneously—Iran, for example, as well as Berlin. The second is, however, more important; it is that the build-up is designed to make the Russians believe that the United States is ready to use nuclear weapons.

The increase in American forces in Europe, it is said, should make it clear that American interests are so deeply involved there that any engagement with them means all-out war. Thus Mr Khrushchev should not be so pleased at having Britain and France as his thermonuclear hostages, because he will automatically have 300,000 American troops, not to speak of their dependents, as his hostages as well—and for such hostages the United States would risk nuclear war. Admittedly, this increased involvement is aimed at stiffening the backbone of the allies; there was an audible sigh of relief in the Pentagon when Mr Watkinson announced that he would get another division ready (a few weeks ago he could only promise to try to get 5,000 men out of a reluctant British Cabinet). But the main intention is to ensure that the Russians must try to break the United States' will first and to remind them that the United States could act independently of its allies.

The Air Force may not accept this logic entirely. It tends to the view that a build-up of conventional forces is irrelevant to the nuclear balance. It believes that it has superiority of overkill; that the Russians could not stage a successful surprise attack; that its main weapon, the B-52s and B-58s huddled on fifty vulner-

able airfields, could both get off and get through. This robust faith is not undermined by the knowledge that the Russians have built up their anti-aircraft defences vastly with ground-to-air missiles, possibly with atomic warheads. The implication from the recent tests that the Russians are now developing an anti-missile missile (presumably usable against aircraft) has, however, caused a cool wind to lift a few papers on Air Force desks. Yet so certain that the bomber will get through is the Air Force that it is keeping up its pressure for the \$8 billion programme of supersonic B-70 bombers which was put on a research basis by the Administration last February. More cautious strategists thank heaven that the allied retaliatory power is not now concentrated in bombers but is dispersed between aircraft and missiles over two continents and seas. The Navy has six atomic Polaris-firing submarines at sea, with three to join the fleet in a few months (and twenty building); it has six aircraft carriers with atomic weapons always on station. Even 100-megaton bombs do not alter these facts; but they make any massive conventional war seem unlikely.

It is another example of the confusion of thinking in the Defence Department that, abetted by congressional disbelief, it slighted civil defence for so long. It does so no longer; and even Congress has begun to consider its role in modern war—leaning towards the strategic dispersal of Representatives and Senators on their grassroot pads. Civil defence is now being reorganised, but little can be done that has any bearing on the current dangers. The immediate object is to find places for 40 million in shelters against fall-out, mainly in urban areas, which, it is calculated, might save a quarter of the inhabitants or up to 12 million lives. In safe rural areas shelters would save most lives. But the count will not be finished till December, 1962, and originally it was proposed to take no action "until we know what we have and would want." Now existing shelters are to be strengthened and supplied with food, medicines and equipment; it has been asserted, without authority, that 20 million people could be given this limited protection by next January. Meanwhile, thousands of private citizens are ordering concrete and ventilators, and digging. Some people may call all this bluff, but it is costing dollars and effort and doing something important to American psychology. This is the cost to Mr Khrushchev of his recalcitrant toughness when President Kennedy attempted to reason with him in Vienna.

Tammany's Scalp

MR WAGNER, the Mayor of New York City, has never looked like a giant-killer, but last Thursday, when Democrats in the city chose him as their candidate for a third term, he walked off with Tammany's scalp. Tammany is the Indian name adopted by the Democratic political machine in Manhattan. It tried to punish the Mayor for turning against the organisation and allying himself with the reform forces in the party by pitting its own candidate, Mr Levitt, against him. Instead a record number of Democrats went to the polls, stirred by Mr Wagner's campaign against the "bosses," and swamped Mr Levitt. The Mayor won 451,458 votes, his opponent only 219,672. The city's reform Democrats, led by Mrs Roosevelt and ex-Governor Lehman, cannot claim a monopoly of the credit, for the machine was rebuffed, not only in Manhattan, where they are strong, but also in the other four boroughs, where they exert hardly any influence. The Mayor carried his own team to victory and won control of the Board of Estimate, which holds the purse-strings in the city, but the sweetest triumph was that of Mr Lanigan, a reform Democrat who ousted Mr De Sapio, the Tammany boss, from his only elected post, that of district leader in Greenwich Village. This defeat, on his home ground, costs Mr De Sapio his leadership

of Tammany automatically, though he remains Democratic National Committeeman. In all the reform Democrats won 14 of 16 contests over district leaderships, a big step toward their goal of winning control of Tammany—and eventually of the other city machines—from the inside.

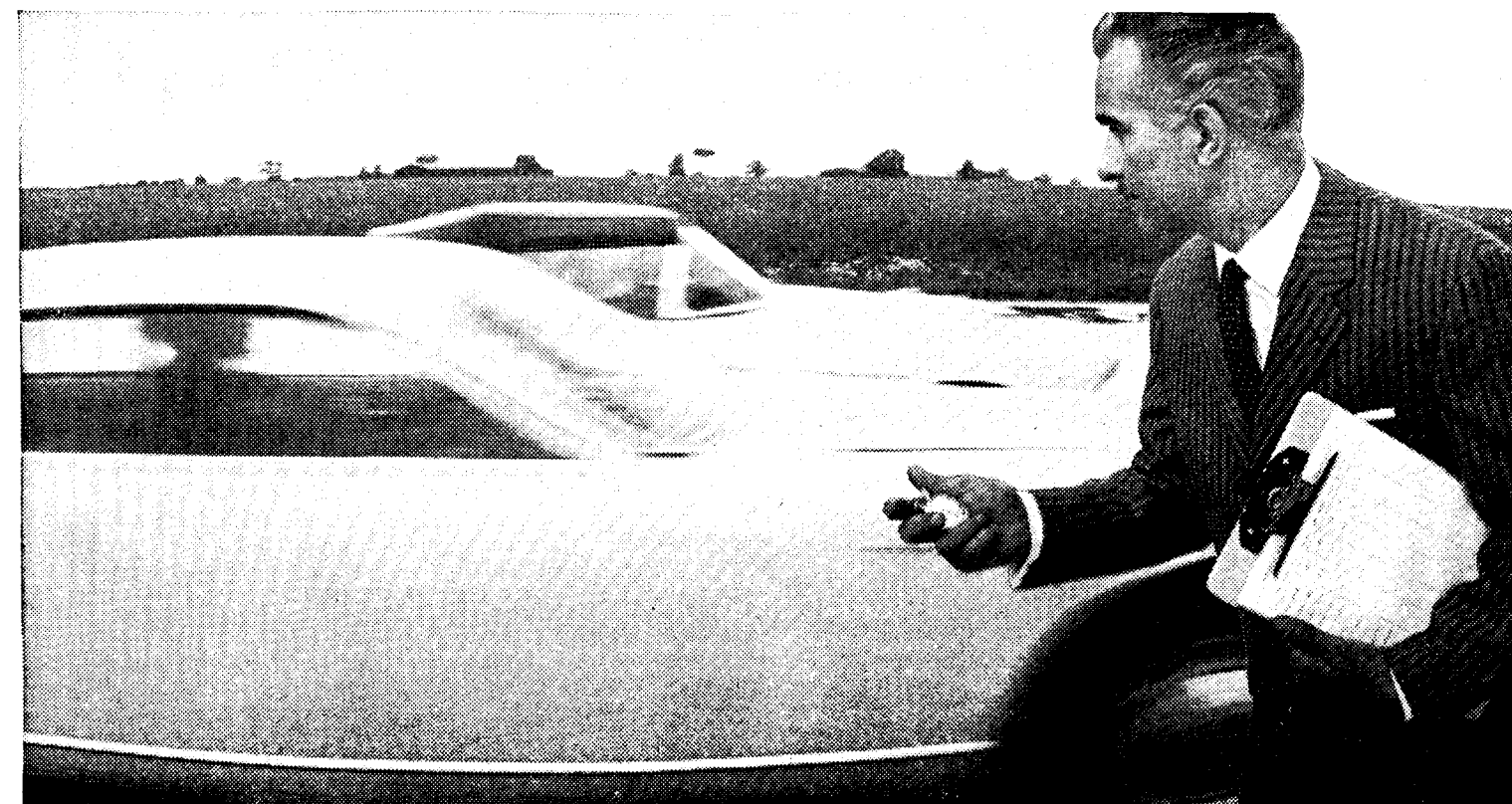
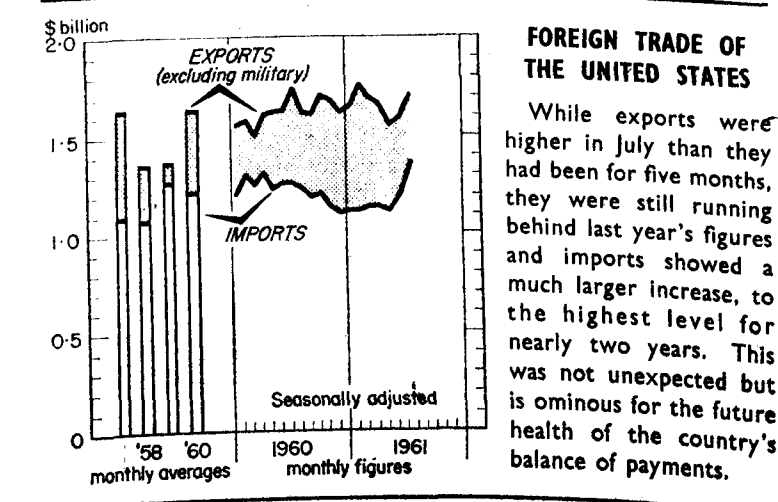
The Republicans have suffered a rude awakening from their dream of capturing Democratic New York City for the first time in a century. This would have been a fine feather in the cap of Mr Rockefeller, the Republican Governor who hopes to succeed himself next year and wants the Republican presidential nomination in 1964. If Mr Wagner had been defeated in last Thursday's primary he would still have stood in November, thus splitting the Democratic vote and perhaps letting through the Republican candidate, Mr Lefkowitz. Now Mr Lefkowitz's defeat is as certain as anything can be in politics, in spite of the evidence of corruption and inefficiency in the city's government.

Whether Mr Wagner and the forces of reform will work as well together in power as they worked to defeat the "bosses" is less sure; already they seem to have different ideas about Mr De Sapio's successor. But the tremendous shaking given to the Democratic machine opens the way for the Mayor and the national leaders of the party to dislodge the short-sighted state and local bosses, who stand in the way of building a more vigorous and united party in New York. Mr Kennedy cannot afford local feuds in New York State, which casts the greatest number of votes in presidential elections—particularly since Mr Rockefeller may be the Republican nominee in 1964.

Strike on Time

IN spite of an agreement which gave the automobile workers everything they wanted in purely economic terms, there have been strikes this week at over two-thirds of the General Motors Corporation's 129 factories. Coming at the beginning of the new model year, when supplies of parts are low, these strikes will soon stop all the company's operations, even at those plants where agreement has been reached on the social issues which are the cause of this week's unexpected troubles.

The main question is that of "relief time," in which the worker can leave the production line to deal with his "personal needs." Supposedly at General Motors 24 minutes are allowed for this in each eight-hour shift. The union claims, however, that not only is this less than is given by other companies but also that it can seldom be taken in practice at GM, "a glorified gold-plated sweat-shop," according to Mr Reuther, the head of the automobile workers. While he seems to have come to an agreement on Monday with GM on this point on a national level, details of how this will work out in individual factories must still be settled locally. So



Test circuit Italy 8.00 a.m.

HE'S HELPING AGENTS IN SAN FRANCISCO— THIS VERY MINUTE!

Even as he thumbs his stop-watch, this car manufacturer is giving agents in San Francisco the best sales support he can—for his company has invested in international advertising in the U.S. edition of *TIME*.

Like 3 million other influential people around the world, many citizens in San Francisco, including men who buy cars for their companies as well as for themselves, are guided by *TIME*. Right now, 10.30 p.m., they're reading *TIME*, The Weekly Newsmagazine that carries more imported car advertising than any other magazine in America.

Meet *your* distributors and support *your* dealers the best way. Back them with the selling power of *TIME*'s six editions: U.S.; Atlantic; Asia; South Pacific; Latin America; Canada; separately or all together, depending on the markets in which they operate. For more facts, ask:—

TIME, The Weekly Newsmagazine, New Bond Street, London W.1.





The Best Car in the World

Whatever the weather—full ventilation, air conditioning or heating ensure a journey in complete comfort for driver and passengers of the Rolls-Royce Silver Cloud II. The powerful 8-cylinder aluminium engine gives acceleration and performance in excess of any previous Rolls-Royce. This, together

with fully automatic transmission and power-assisted steering makes it possible to maintain high average speeds without fatigue. An exceptionally high degree of safety is provided by three separate braking systems—two hydraulic and one mechanical, acting independently and in concert.



must thousands of other arguments, which vary from plant to plant, on details such as job classification, shift working, safety regulations, free overalls and how to keep floors from being slippery. Moreover, the long deadlock over relief time has kept the national negotiators in Detroit from getting down to other non-economic questions—production standards, overtime, union representation, working foremen and racial discrimination.

The company blames Mr Reuther for the strikes, arguing that he could have persuaded his members to continue working while local discussions were going on. This might not have been easy, however, for the widespread readiness to strike suggests that there is an underlying dissatisfaction with working conditions in many GM plants. Now Mr Reuther has postponed the meeting of the union's council which was to have ratified the new contract on Thursday. But there can be no doubt that he intends to sign the contract eventually or that much the same terms will be agreed with the other two big manufacturers, the Ford Motor Company and the Chrysler Corporation.

Economically these terms represent a brilliant victory for Mr Reuther, which will enhance his slightly tarnished prestige in the labour movement. The actual increase in wages under the new three-year contract comes to an average of 12 cents an hour, allowing for the fact that the company is now to pay all, instead of only half, the cost of medical insurance for its workers. But more important in the long run are the fringe benefits—increased unemployment pay, so that a laid-off worker will get about 75 per cent of his ordinary earnings for a full year, and compensation for lost earnings when short time is being worked. This means that in effect automobile workers will have a guaranteed annual wage, will become salaried employees, something which Mr Reuther has been demanding for them since 1955.

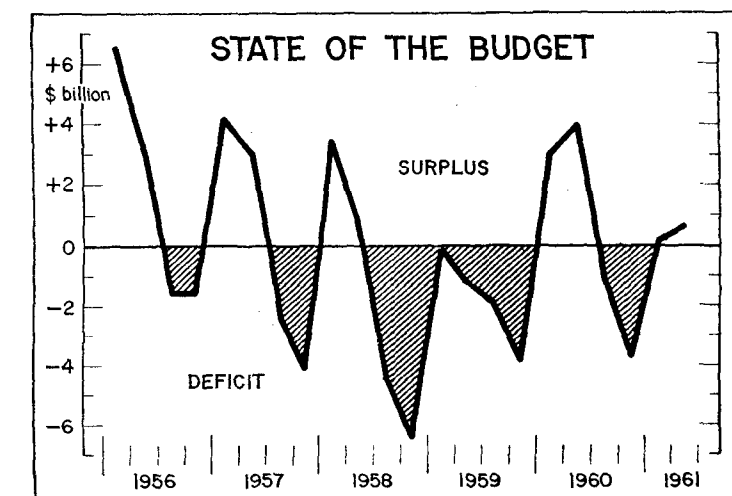
The Long and the Short

NEW YORK

THE Treasury Department's team of debt managers, headed by Mr Robert Roosa, is continuing its innovations with a \$12.6 billion package of both short and long-term issues. It has announced that holders of two outstanding issues of bonds totalling \$7.6 billion and paying interest of 2½ per cent will be offered other, long-term obligations paying 3½ per cent and has informed the money market that it will make short-term borrowings of \$5 billion in cash over the next two months. It is unusual for the Treasury to announce its programme in advance, but its officials decided on a frank approach because of rumours on Wall Street that the Administration's spending was getting out of hand; if the debt managers had not revealed their plans the chances are that the market, which is already nervous about the prospect of a resumption of inflationary pressure, might have pushed up interest costs in anticipation of even larger borrowings. The Treasury had nothing to lose by letting investors in on its intentions, for the way in which it will raise the funds is completely in line with the market's expectations. This is not the first time that the Treasury has tipped its hand but it does mark a change from recent practice and indicates that the Treasury feels that it has its finances under control.

The advance refunding technique is not new either—it was adopted in the latter days of the Eisenhower Administration—but this is the first time that the Treasury is offering a yield which in practice comes to over 4½ per cent; this is the legal ceiling on the interest paid on government bonds with a maturity beyond five years. Earlier this year the debt managers decided not to ask Congress to raise the ceiling; instead they got the Attorney General, Mr Robert Kennedy, to agree that the limit applied only to the coupon rate on a bond and not to its true yield. Holders of the 2½ per cent bonds issued during the war and maturing in 1970 and 1971 would have to reinvest at yields of over 4½ per cent to

match the actual return on the 3½ per cent bonds which run from 1980 to 1998. In spite of this, the Treasury does not expect that more than about a third of the holders, mainly insurance companies, savings banks and individuals, will accept an exchange which will lock up their funds for a long time. But the managers of the debt hope that at least \$2 billion worth of the old bonds will be



exchanged for the longest of the new ones, to offset in part the increase in the short-term debt which will result from raising \$5 billion in new money at short term.

The experts had expected a much larger refunding, but evidently the Treasury felt that anything bigger might unsettle the capital market and raise long-term interest rates faster than conditions warrant. It is fairly confident that its present programme will not have a marked effect on the structure of interest rates. Mr Roosa himself admits that the economy is moving on to new high ground, but he feels that interest rates need not follow suit if inflation is avoided. And while the financing and refinancing is going on the central bank will be smoothing the Treasury's path by supplying reserves to the banking system. Finally, the market seems to be accepting Mr Roosa's assurance that the present programme will cover the Treasury's cash needs until the end of the year and that no more borrowing of any substance is likely to be required during the first half of 1962. This should calm inflationary fears and hold down interest rates, at least over the short term. But it may be another story if increased deficit spending forces the Treasury to come back to the market for more money.

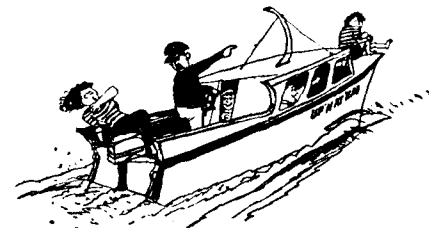
Dipping into the Tin

CONGRESS has agreed that the government may sell two million pounds of waterfowl down from the strategic stockpile, since now that suitable substitutes are available for military sleeping bags these feathers are no longer an essential reserve supply for wartime use. They may even be sold immediately without the six months' notice which is required under the Act which set up the stockpile. But it is doubtful whether Congress will find time, in the present rush for adjournment, to be equally amenable on the much more controversial question of sales of tin from the stockpile. How much tin there is in this reserve is secret—a frequent estimate is 300,000 tons—but it is certainly more than is now needed for emergencies, even though the United States imports all its tin.

With tin prices pushed up by shortages of the metal the General Services Administration, which manages the stockpile, is anxious to relieve the pressure on American consumers of tin and to dispose of some of its surplus at a favourable price. So it is asking for permission to sell 10,000 tons at once and another 40,000 tons at the end of the statutory six months. GSA is already selling

2,500 tons of a special stock of just under 4,000 tons, which can be got rid of without congressional approval, in an orderly manner which augurs well for its promise that the much larger quantities will be disposed of, in small parcels, in such a way as to avoid disrupting the tin market. But the sales can hardly fail to prevent the price of tin from rising as high as it might otherwise do, even if it is not actually driven down—after all, that is part of the purpose of the sales. But this will be far from welcome to such tin-producing countries as Bolivia and Indonesia, which the United States does not want to offend. For this reason the State Department may encourage Congress to do nothing.

While the International Tin Council cannot object under present conditions to the United States entering the tin market as a seller (indeed, this may be welcome), the move has naturally made it all the more desirable that the United States, the world's largest consumer of tin, should become a member of the council. The Department of Commerce is meeting leading American users of tin this autumn to discuss whether the United States should join. Opinion is divided but here the State Department is on the side of those who want action, since United States participation in international commodity agreements is an essential part of the attempt to secure greater economic stability in Latin America.



Weekend Vikings

FROM A SEAFARING CORRESPONDENT

As part of his carefully planned campaign for the Presidency last year, Mr Kennedy chose to be photographed on his small sailboat, rather than on a golf course although apparently he would as soon spend his time off there. In this matter Mr Kennedy showed his usual good political judgment: far more Americans own boats than own golf clubs. Weekend boating is both the largest and the fastest growing active sport in the country today. One way and another about one person in five used the lakes, rivers and waterways for recreation last year and during the past ten years the amount of money spent on pleasure boats and boating has increased nearly four-fold—from \$645 million in 1951 to an estimated \$2.5 billion or more this year. The total number of boats in America is now said to have passed 8 million. With a little crowding, this is a sufficient number of bottoms to carry the entire population—and on a busy summer weekend efforts to do this can be observed at almost any water resort.

There are many reasons for the explosive popularity of boating in America. More money to spend, and more leisure time to spend it in, explains the wage earner's interest. Spectator sports—baseball in summer, football in winter and horse racing all the year round—have their devoted followers but these great American games have at least two drawbacks. They are not family sports, to be enjoyed not only by father, but also by mother and the children, and they offer no chance for active participation. Nor is golf suitable for family recreation; country clubs are expensive and almost as crowded at weekends as the roads which no longer encourage travel for pleasure. So each year more and more Americans buy a boat so that the family will have somewhere to go on a beautiful day. "As easy to operate as a car and there are no speed cops or traffic laws," the salesman says enthusiastically. Moreover, the purchase of a boat can be financed as freely as that of a car: boat credit is second only to automobile credit in America and many car dealers are going into the boat trade.

The family budget makes it comparatively easy to decide between the bewildering choice of small craft which are available. A modern fibreglass runabout can be bought, complete with motor, for less than \$1,000; it will be about 16 feet long, adequate for a family of four or five, and will cost about \$150 a year to operate. A trailer to carry the boat to the water will cost about \$200 more and will serve during the week, and over the winter, as a mobile storage dock. The whole package can be bought for as little as \$100 down, with monthly payments of less than \$50. More and more "two cars in every garage" are becoming "one car and a boat."

The boat in the garage is a status symbol in the neighbourhood. The children of a new boat owner are elevated immediately in their social set on the basis of promised trips to come. The owner himself is envied openly by less fortunate neighbours still tied to their lawn mowers for weekend exercise and his wife is accorded the esteem associated with the pioneer women who braved the perils of the unknown. From a stranger who hangs around the house at weekends, father is promoted in one stroke (of the hire-purchase pen) to Captain of the Ocean; on the water his authority is absolute—as it is far from being at home—because even mother, secretly terrified at the ubiquitous possibilities of drowning, is quick to point out that "you can't come back next week if you don't do as daddy says."

Most weekend boatmen leave their business and personal worries behind; for them and for their families, boating is a way of relaxing—a day or two of leisure between the unending weeks of routine labour. Even the smallest brook in Iowa is a thread in the tapestry of the sea and the man rowing his fishing skiff on man-made Lake Mead is an emphatic descendant of Viking oarsmen. But it is also true that week-end boatmen sometimes exhibit a tyrannical outlook inherited from Captain Bligh which can ruin an otherwise pleasant Sunday cruise—and not only for those aboard his own craft.

THE road hog is also found on the water; many of them are involved in the growing number of accidents which has accompanied the growth of boating. Three years ago Congress gave the states the right to license all watercraft and, indirectly, to control their operation. The law also requires that all serious boating accidents must be reported to either the state or federal authorities. The figures are still not complete but the total number of accidents seems to be about 1,500 a year and the death rate is lower than for almost any other form of transportation. Alcohol is a negligible factor in these accidents; the main cause is carelessness, compounded by ignorance, on the part of the person operating the boat.

To combat this, a fraternity of boatmen known as the United States Power Squadrons has for many years offered courses in piloting, small boat handling and even more advanced subjects, including celestial navigation, during the winter. The basic course is usually free, and prospective boat owners are as welcome as the captain of the largest yacht. Every major boating centre in America has one of these brotherhoods and each of the local squadrons is organised with the primary purpose of teaching safe and sensible boating, with the emphasis on skill and knowledge.

Upwards of fifty thousand boatmen took advantage of these courses last year, spending one or more evenings each week during the winter months learning the rules of the sea, how to distinguish port from starboard, and the meaning of the number, colour and shape of the government's aids to navigation. The Coast Guard, which has had to contend with the less pleasant side of the increase in boating activity, has stepped up enforcement of its rules requiring that there must be enough life belts and other safety equipment aboard all craft. The Coast Guard also offers its own courses in piloting and handling boats, so no one need plead ignorance of the rules of the sea or of the best way to handle his craft safely.

Canada is 14 miles from Trafalgar Square

(plus a Rolls-Royce powered DC-8 ride)



Canada starts at London Airport, 14 miles from London. Take a seat in the limousine comfort of a Rolls-Royce powered DC-8—and the whole width of Canada is half a day away. Montreal and Toronto. Winnipeg and Vancouver by a choice of routes—along the Great Lakes via Toronto, or by the Hudson Bay route. Halifax and Gander

and Edmonton. Also Cleveland, USA, via Toronto. Fly in First Class luxury, or in the thrifty comfort of Economy Class. TCA, in association with BOAC, flies 21 jet services a week from London Airport. And TCA flies to and across Canada from Britain—with connections in Canada to major cities in Canada and in the USA.

Fly TCA Rolls-Royce powered DC-8 to and across Canada



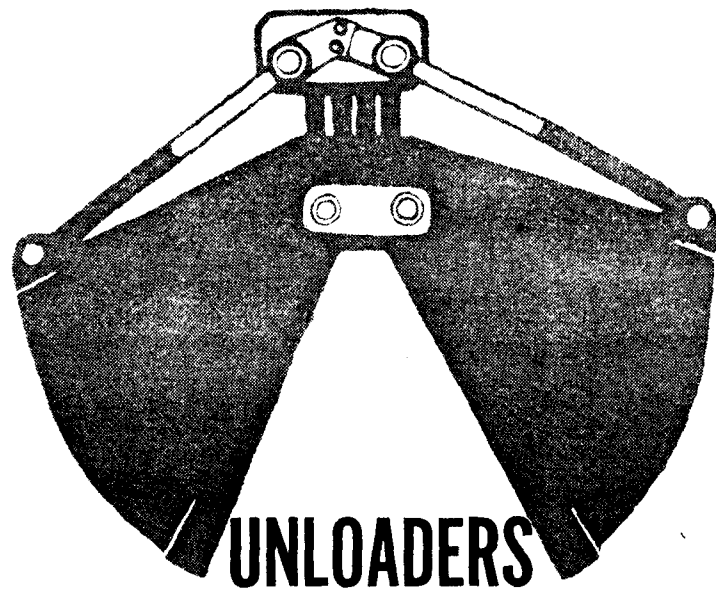
YOUR TRAVEL AGENT IS THE MAN TO SEE



TRANS-CANADA AIR LINES

AIR CANADA

142/4 REGENT STREET, W.1. WHITEHALL 0851 AND OFFICES AT GLASGOW, SHANNON, MANCHESTER AND BIRMINGHAM



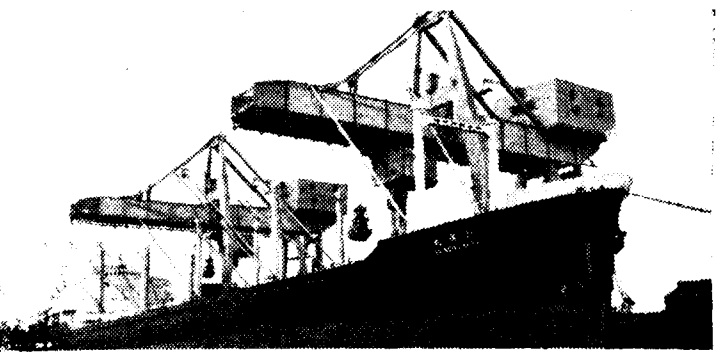
IHI moves 1,000 tons of coal or ore every hour

Large-scale coal and ore carriers demand fast and equally large-scale unloading facilities. This high-capacity, high-speed IHI unloader moves both coal and ore at the rate of 1,000 t/h at the dockside of Japan's biggest steelmaker.

The problem of maintaining the steady 1,000 t/h pace with materials of widely varying weight-per-volume ratios was solved by IHI engineers who designed a huge 20m grab bucket capable of hauling 16 tons of coal with every pass.

Design and manufacture of superior materials handling equipment is a specialty at IHI, Japan's leading heavy-industry company.

IHI engineers can recommend the unloaders, bridge transporters, luffing cranes, tower cranes, floating cranes, overhead cranes, and special purpose cranes to meet all your needs. A brochure will be sent promptly on request.



Ishikawajima-Harima Heavy Industries Co., Ltd.

- Head Office: Ohte-machi, Chiyoda-ku, Tokyo, Japan Cables: IHICO TOKYO
- London Representative Office: No. 6, Great Winchester Street, London E.C. 2, England Tel: London Wai 5413 Cable Address: IHICO LONDON
- Other Overseas Sales Representative Offices: New York, U.S.A.; Rio de Janeiro, Brazil; New Delhi, India; Djakarta, Indonesia; Hong Kong B.C.C.

One Scotch Stands Out



THE SCOTCH WHISKY
OF WORLD APPEAL

Wm. Sanderson & Son Ltd., Leith,
Scotland. London: 63 Pall Mall, S.W.1

One index of the growing popularity of boating is the considerable number of boat shows which take advantage of the slack winter season to beguile present and prospective owners. There are now some forty national, regional and local shows scheduled on a regular annual basis across the country. The largest and oldest is the New York Motor Boat Show now held each January in the city's giant new Coliseum. A total of 420 manufacturers of, and dealers in, boats were allotted space this year—including one stock broker who advertised that "boating stocks are growth industry stocks"—and another hundred or so who applied for space had to be turned away.

The show is in many ways typical of boating in America today. Tail fins, inspired by Detroit's worst, are stuck on small craft to attract the buyer who wants something different and trading up to a larger boat from a small beginning is encouraged by batteries of "hard sell" salesmen. In some cases these have gone so far that the Federal Trade Commission has been forced to issue government rules to prevent gross misrepresentation. Even sailboats are not immune to the high pressure tactics of the new crop of boat builders. Fibreglass craft are more popular than wood; dacron and nylon have made cotton sails as rare as a hemp mainsheet. But despite the hustlers, and not because of them, boating is booming. And it is expected to continue to boom as more and more Americans discover the welcome relief from the tensions of modern living that a day afloat offers, whether on a small cruiser or a 12-metre Cup Defender and whether the man at the helm is a plumber or a President.

No Banking on Justice

DURING the past fortnight Americans have been treated to a strange spectacle: the attempts of the Department of Justice to block, at the eleventh hour, two bank mergers, in Chicago and New York, which had been approved by the appropriate federal banking authorities. In both cases the courts refused a restraining order and the mergers went through. But the Justice Department seems determined to dissolve them, although it admits that it is difficult to unscramble such eggs. Under a law which Congress passed last year to tighten control over the rising tide of bank amalgamations and, ironically, to subject them to more uniform conditions, every merger must now receive the permission of the relevant federal banking authority: the Comptroller of the Currency for national banks, the Federal Reserve System for state banks which belong to it and the Federal Deposit Insurance Company for other state banks. Each agency is supposed to have the power of final decision although they are required to consult each other and to seek the views of the Department of Justice as to what the effects will be upon competition.

But even under the Eisenhower Administration the Department of Justice felt that it had a separate responsibility, under the anti-trust Acts, to halt mergers that threatened to lead to undue concentration in banking, which some people consider particularly dangerous. Early this year it filed antitrust suits to halt three consolidations, two of which had been approved by the Comptroller of the Currency, Mr Gidney, a rather complaisant holdover from the Eisenhower era. To prevent further embarrassment of this kind he was persuaded not to issue any more approvals over the objections of the Department of Justice until the key case, in Philadelphia, had been decided, probably in December. The anti-trust lawyers feel that they have a strong hand to play, on the score of concentration of banking assets, in Philadelphia, but the most important issue is whether banks, which in the past have been held to be subject only to the rather lenient restrictions of the Sherman

Act, are subject, as the Justice Department now argues, to the harsher Clayton Act.

In Chicago, however, Mr Gidney felt that there was enough hardship to the banks concerned to warrant an exception to his general truce with the Department of Justice. In New York the department is embroiled with the Federal Reserve authorities, who apparently agreed with the state that the creation of the Manufacturers Hanover Trust Company, now the fourth largest bank in the country and the third biggest in New York, with assets of about \$6 billion, would not harm competition unduly—probably because the Hanover dealt primarily with industry, the Manufacturers Trust with individuals. The position of the antitrust lawyers (apart from their desire to discourage stories that they are "going soft" on bank mergers) is that, after the merger, the five largest commercial banks hold 75 per cent of New York City's deposits in such banks and 77 per cent of their loans. What the banking community wants is for someone, either the courts or Congress, to knock all these heads together and make it plain what mergers are acceptable. The alternative route to expansion is the opening of more branches, but this is slower, more costly and, in eleven states, prohibited.

New Life for Civil Rights

THE four-year-old Civil Rights Commission won a short new lease of life—another two years—from Congress this week just two months before it was due to go out of existence. This reprieve falls far short of the permanent status which the President sought, but it is better than nothing for an Administration which has put off all other legislation dealing with civil rights until next year. As it was the Bill had to reach the floor of the Senate as a rider to an appropriations Bill because, as happened two years ago, the Judiciary Committee dominated by Senator Eastland would not report it out. President Kennedy's two new appointments to the six-man commission, one of whom is a Negro, give it a majority which favours the vigorous extension of civil rights and this does not endear it to the South.

It is probably as well that the Senate voted when it did last week. A few days later the commission—which Mr Kennedy plans to use much more than President Eisenhower did in the formation of government policy—issued the first of a series of reports on the denial of civil rights. This dealt with the denial of voting rights, primarily in eight southern states where, in 100 "black belt" counties, most members of the Negro majority are prevented from going to the polls through discriminatory application of the qualifications demanded for registration and voting. The commission praised the Department of Justice for its vigorous use of the weapons given to it by the Civil Rights Acts of 1957 and 1960. The department is examining voting records in six states and has brought suits to protect the Negro franchise in fifteen counties in five states, including, for the first time, the most backward one—Mississippi. But the commission considers that broader legislation is necessary and proposes, with the two Southerners dissenting, that Congress should act, under the Fourteenth and Fifteenth Amendments, to make it impossible for the states to exclude people from voting except for reasons of age, residence, legal confinement or a criminal record. It also thinks, unanimously, that if there is to be a literacy requirement, an elementary education should be considered adequate and that Congress should require election districts to be equal in population. A finding which should recommend itself to the South is that the economic backwardness and one-crop economy of the black belt is closely related to the denial of civil rights to Negroes and that the federal government should try, by special assistance, to promote an economic climate which favours better race relations.

Textbook Marriages

FROM A SPECIAL CORRESPONDENT

HISTORICALLY, book publishing in the United States has been a personal or family industry dominated by small firms. Book sellers, book salesmen and book editors became publishers, usually beginning with small financial resources. Originally financed by credit from their suppliers and in time by loans from banks, these firms expanded as they prospered but the substantial capital needed for more rapid growth was unavailable. To many American publishers, traditionally convinced that financial and editorial control should rest in the same hands, this capital limitation became something of a virtue. The character and the integrity of a publisher's list were more important than making money and he was judged not by the size of his fortune but by the standards which he could maintain in his publications while managing to show a small profit.

After the war the increased cost of producing books, of advertising and selling them and of doing business generally favoured the larger publishers and forced others to consolidate such services as warehousing, billing and shipping. Moreover, the prospects for expanding sales, particularly of school and college textbooks, were so bright that they encouraged growth by the most immediate means—acquisition and merger. In the past few years, and particularly since the autumn of 1959, the dances of corporate courtship among American book publishers have seized the attention not only of the publishing fraternity itself but also of the American investing public.

In each of these recent mergers or acquisitions in book publishing a publisher notable for his work in a given field, that of, say, college textbooks, has extended his range by acquiring, for example, a series of high school social studies or of primary school science texts, or a number of useful reference works, a series of paper-back reprints of classics used in colleges or a first-rate list of general book titles which, printed in paper-back editions, would find a market among students. The direct result has been the creation of several new major publishing firms, offering publications ranging from technical reference books down to juveniles for school and public libraries.

An example is the purchase within the last eighteen months by Random House of Alfred A. Knopf, Inc., Beginner Books, Inc., the L. W. Singer Company, Inc., and Pantheon Books. Another example is the Western Publishing Company, which bought a firm specialising in children's books last February and a publisher of high school and college texts two months later. The rapid growth of such companies and the evident savings obtained by an integration of lines have prompted other firms to think of merger and acquisition, particularly since the necessary capital is now available through public financing.

The key to capital by this means was the textbook, a publication which is prepared

and sold as an essential educational instrument. Basic textbooks, those required to be purchased for compulsory academic courses, involve considerable capital investment in their development—\$3,000,000 in a recent case—but provide a very substantial return if the book succeeds in capturing a significant portion of the total market.

The publishing of successful textbooks has always been very profitable in America. The new elements which made textbook publishing a growth industry during the past year and a half were those of demography and of American investment practice. Projections for the next decade of the numbers who will enter educational establishments in the United States point to increases of 25 per cent in the elementary schools, 60 per cent in the secondary schools, and a full 100 per cent in colleges and universities. This indicated a promising increase in potential markets for publishers of texts but not one which was equal to what in fact happened to publishers' shares between July, 1959, and March, 1961.

THAT period of extraordinary demand must be explained in terms of fashion in the investment business, which depends normally on expectations of rapid growth in markets, sales and profits. The investment world noted the historic profitability of publishing textbooks and the projections of an increase in the academic population. To this calculation was added the scarcity of publishers' shares and there followed the remarkable success of virtually every publishing share put on the market during the period.

Random House, for instance, offered in October, 1959, at 11½, reached a high of 41 and Western Publishing Company, offered in August, 1960, at 42 went up to 84 and stood at 79 a month ago. Where publishing shares used to go untraded at price-earnings ratios of 6 or 8 to 1, in 1960 they traded as a whole at a price-earnings ratio of 19.2 and the shares of certain major publishing houses averaged a ratio of up to 30 to 1—proof that publishing textbooks was indeed a growth industry, at least in the eyes of the investors.

Few publishers could afford to miss the opportunity of increasing their capitalisation by as much as ten-fold and still retaining control, quite apart from such reasons for public offerings as considerations of death duties or the desire to make a market for an untraded stock. But book publishing was not, and is not, a growth industry in the same sense as earlier favourites of the investors, the electronics industry or the vending machines industry. The market for textbooks will grow (rather than explode) in an orderly fashion.

The investor's romance with publishing shares has cooled perceptibly in the months just past. One reason may be his new found awareness of other less stable kinds of publishing such as general, or trade, publishing where business amounts to some \$75,000,000

annually, as compared with \$300,000,000 for textbooks. Trade publishing has not made money in recent years except as a result of income from subsidiary rights sold to book clubs, reprint publishers, magazines and film companies. Among the good general publishers, those whose standards restrain them from publishing books of poor quality for their high probable sales, there are few who manage to break even. Only as the new large corporations bring a balance between the speculative trade books and the more stable textbooks are investors likely to continue to regard all book publishing as an attractive proposition. For what after all are a publisher's assets? "Editorial brains up front and unsold books out back," says one expert.

For these companies book publishing will undoubtedly become more profitable but fears have been expressed that the risk of publishing important new books of poetry and non-fiction, and even some of the best novels, will not be taken by a large publicly-owned firm, since they are financed out of profits made on textbooks.

But the size of the publisher has little to do with his standards. The majority of publishing firms are still controlled by their old owners, even when public money has been brought in. And in the unlikely event that the corporate publisher of the future cannot persist in producing culturally-significant work in the general field, such books may, like the poets and novelists who write them, gravitate to the universities for publication, becoming part of the academic contribution to the common good.

As to the consequences for publishing as a profession, it will certainly become more specialised than it is, particularly in marketing. The real concern is that in the end only the one book which meets the market most fully at its lowest and widest will be published. So in the coming years much interest will be taken in the extent to which shareholders are prepared to tolerate unprofitable experimental lines, the early but academically essential revisions of successful texts and the highly speculative but venture-some new techniques for aiding the learning process—for instance, teaching machines—all of which should help to enlarge the market for textbooks.



What's the
great new
transport idea
in these pictures?

ASK PRESSED STEEL

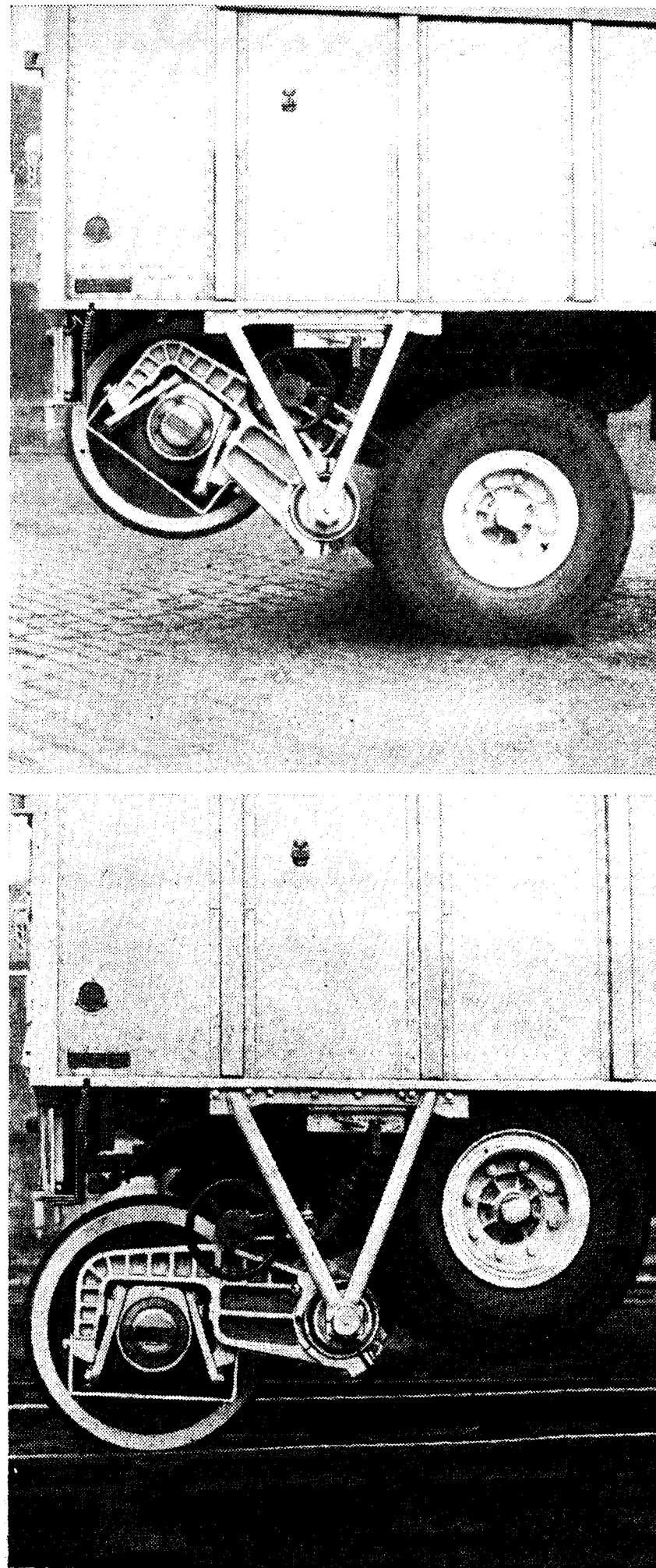
The Roadrailer idea didn't hit the headlines like the sputnik or the hovercraft when it was introduced in this country in 1960. But it is very simple, and very practical, and could mean much more to each of us personally than either of them.

As a nation we have one of the best trunk rail systems in the world, and just about the most concentrated road system. The Roadrailer makes unprecedented use of both. What is it? It's a quiet revolution in freight traffic. It has both rail and road wheels. Capable of switching between rail and road traction in 150 seconds, it couples Rail's 60 mph trunk routes to Road's door-to-door delivery.

The Roadrailer cuts out handling, shunting, transshipping and the complexity of railway sidings. It's quicker than pure road, or traditional road-rail. And above all it's cheaper. It may well bring Road and Rail together. The Roadrailer is made by Pressed Steel, who have a talent for making transport ideas work.



PRESSED STEEL COMPANY LTD • COWLEY • OXFORD
Railway Division, Linwood Factory Paisley, Scotland





The Golden Parisian *

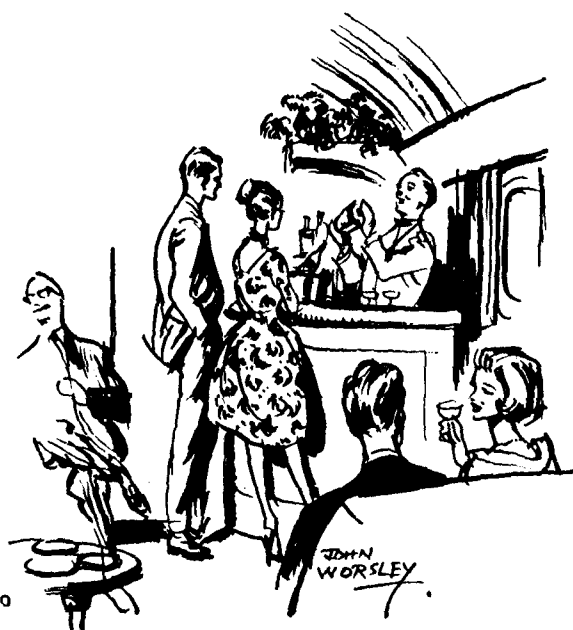
Expert indeed are the hands of the chief steward: he has been shaking Martinis for twenty-five years. At least half of this time he has spent working on Air France aircraft; flying to the States, to Canada, Mexico, Rio and B.A., over the Pole to Tokyo and across India to Manila, Hong Kong and the East. Down to Africa and across to Madagascar and Mauritius. Now he is *chef de cabine* and deftly he mixes irreproachable cocktails for the passengers in the luxury of the Golden Parisian Bar*. At this moment, men like him are cosseting Air France passengers over every continent in the world: for Air France goes everywhere.

*The Golden Parisian Bar is an exclusive feature on all Air France Boeing Jet Intercontinentals flying throughout the world. About eighteen passengers can while away the time here—a welcome diversion even on a fast jet.

Enjoy flying **AIR FRANCE**

...THE WORLD'S LARGEST AIRLINE

For World Timetable and Fares, ask your Travel Agent or write
Air France Building, 158 New Bond Street, London, W.1. Grosvenor 9030
New jet service from Manchester now operating.



THE BUSINESS WORLD

Mr Dillon's Brief

A correspondent in New York describes the probable line of the United States at the monetary conference assembling in Vienna this week-end

ALTHOUGH the United States is determined to strengthen the International Monetary Fund its delegation to the annual meeting in Vienna does not expect—and will not demand—a radical reformation. Some Administration officials, including the President's Council of Economic Advisers, had originally urged major changes in the international reserve system—last spring Mr Walter Heller, chairman of the CEA, invited Professor Robert Triffin to partake in the founding in Paris of the Organisation for Economic Co-operation and Development. But it is the attitude of calculated moderation suggested by the Treasury Department that has prevailed. The United States will support Dr Per Jacobsson's proposal for an enlargement of the IMF's resources, particularly in the currencies of Western Europe and Japan, by the addition of non-quota standby credits that can be made available to the Fund on an automatic basis. Officials of the Treasury, whose chief, Mr Douglas Dillon, heads the American delegation, see little hope of a permanent increase in quotas, even though this is deemed theoretically desirable. But they are prepared for hard negotiations over the amount of standby credits (\$6 billion is the starting point) and the way in which these should be arrived at. Nor will they yield easily on the issue of automatic availability. In anticipation of European opposition, they point out that as these credits have to be repaid in a few years they can never be a means of meeting chronic balance of payments deficits, or of avoiding orthodox self-discipline.

As the Treasury sees it the major problem is not an absolute shortage of reserves but the maldistribution—or imbalance—of reserves. Even the radicals had not argued that an overall lack of liquidity was a clear and present danger; but they were worried that balance of payments considerations would interfere with their reflationary measures to stimulate the American economy. Now that American business activity has staged a brisk recovery the fear that domestic growth might be impeded because of the threat of a run on the dollar has in large part faded. There is general agreement that a more effective buffer against the pressures of international capital movements should be established; but the Administration now holds that this entails reinforcing existing arrangements rather than creating a new mechanism. The last stand of the radicals is evident in a report of a subcommittee of

Congress's Joint Economic Committee, which recommends that IMF members should provide funds in the form of medium-term loans (rather than standby credits) in their own currencies, which could be made immediately available to deficit countries, but would not necessarily be. Hot money flows would be almost entirely financed by such credits; structural deficits, requiring shifts in resources, would be partially financed; countries suffering inflationary deficits would get credits only if they agreed to corrective steps. The Administration, however, is not embracing this watered down attempt to increase the reserve base; on the contrary, Mr Dillon himself holds that any attempt to increase reserves or finance basic deficits would accelerate the flow of funds to those countries already possessing an unhealthy surplus.

Mr Dillon describes his approach as evolutionary, seeking to strengthen the existing framework by persuading the surplus nations to use their reserves more freely and flexibly. He emphasises that they are under as much obligation to correct the current imbalance as was the United States when Europe was faced with shortage of dollars, and he regards standby credits as a relatively painless way of providing a buffer. But his evolutionary programme also calls for activity on other fronts, or what his aides call a three-layer solution; this would consist of unilateral actions by nations with deficits; bilateral—and multilateral—co-operation between deficit and surplus nations; and action taken in international institutions such as OECD as well as IMF. The United States itself is demonstrating that it is practising what it preaches in its attempt to bring down its own deficit to manageable proportions.

The measures adopted by the United States, both unilaterally and in co-operation with other countries, fall short of what the Administration had sought, but taken together they are significant. Treasury officials were indiscreet enough to admit openly at the time that the German revaluation was inadequate; yet by and large, Washington is satisfied that Europe is responsive to a greater measure of co-operation, citing the lowering of interest rates which reduced the spread between New York and Continental markets, the steps taken by Germany and Switzerland to discourage foreign investments, the Basle agreement for inter-central bank credits, and the close technical co-ordination that has been built up since the United States Treasury began operating in the spot and forward exchange markets. The latest co-operative arrangement involved the issue to Britain of a special short-term Treasury obligation, at a negotiated interest rate of 2.4 per cent, for the dollars drawn from the IMF, thereby circumventing

a rise in domestic money rates. Officials hint that they will be continuing to experiment with co-operative techniques aimed at moderating money flows and to improve the degree of international liquidity.

In its purely unilateral actions, the Administration feels that President Kennedy's pledge to defend the dollar and make available the nation's gold stock to meet international obligations has had an important psychological effect, despite the fact that Congress has taken no action to remove the 25 per cent legal backing for domestic notes and deposits. Several of the Administration's other legislative proposals (including a request to permit commercial banks to increase the interest they can pay on official foreign deposits and a series of tax measures designed to increase revenues from American corporations operating abroad) also met with congressional indifference. Nevertheless, a good deal has been accomplished administratively, from the Federal Reserve's abandonment of "bills only" in favour of operations throughout the range of government securities, which succeeded in maintaining short-term interest rates at a level that did not invite a fresh outflow of funds, to more active use of the Exchange Stabilisation Fund. In this technical area, too, the Administration is not content to stand still, although Mr Dillon recognises that a

major part of his job at Vienna will be to convince sceptics that the United States stands ready to combat domestic inflation if it appears and will not merely tinker with new techniques. Mr Dillon will make clear that the United States will practice self discipline, but he wants some assurance that the countries of Western Europe will live up to their responsibilities in return.

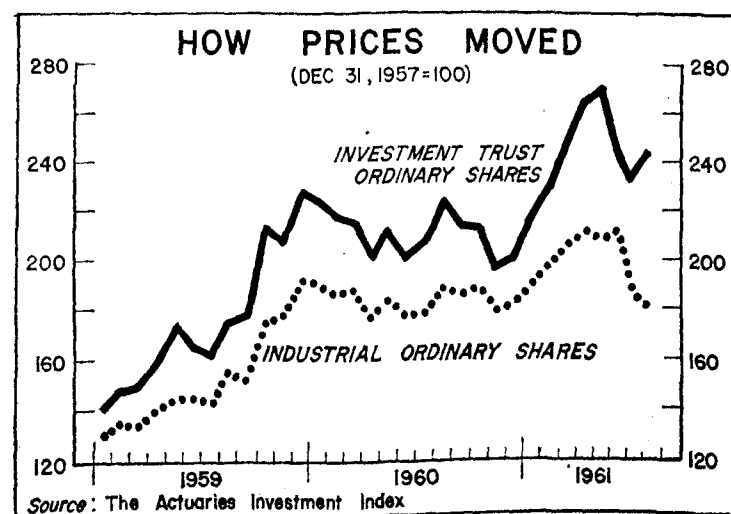
Thus strengthening the IMF is not the Administration's sole international financial objective. Like its predecessor, the Kennedy government wants Europe to assume a larger share of the military burden and step up its economic aid to underdeveloped areas; it is planning to bring renewed pressure on Germany and France, as well as operating through the OECD. If progress is made on these fronts, it is felt that a moderate bolstering of the IMF through the use of standby credits ought to relieve the pressures on the dollar and the pound. Obviously none of these measures provides a foolproof defence against a speculative movement that feeds upon itself; but the official United States view is that an evolutionary defence on a broad front can do the job. The crucial question is whether a moderate approach will suffice to prevent a weak compromise that may leave the key currencies as vulnerable as ever.

Trusting the Experts

How the investment trusts are faring

MR JOHN BETJEMAN was reported to have said recently that he would like to imprison the directors of investment trusts for the crime of "murdering our souls." If this statement caused some heartsearching among the experts who manage the 300 or more investment trusts in the United Kingdom their anxiety was needless, for this staunch opponent of much modern architecture was seeking to gaoil not them, but various property developers. Mr Betjeman is not the first to be confused by the fact that a few property companies prefer to call themselves investment trusts. Indeed the investment trusts proper—more clearly known in the United States as "investment companies"—should be congratulated, rather than condemned, on their performance in recent years. And the fact that they have so successfully adapted a long-established form to modern ways ought to appeal particularly to him.

The small saver has posed a new challenge to the investment trusts and, in meeting it, they have swept a number of cobwebs away. Many of them, for example, have replaced dreary formal accounts with more imposing documents; now they often include a ten-year record of progress and a classification of investments both geographically and industrially. More realistically, too, they base these classifications on market values rather than book values. In addition, a



growing number of trusts publish a full list of their investments; for the largest trusts this is no small matter, for it can lead to reports of sixty pages long. It remains to be seen whether an even more recent innovation of using market values, instead of the conventional book values, to arrive at the balance sheet totals will find general acceptance.

Greater disclosure of information in these various ways is one important element in a general policy of trying to widen the interest of investors in investment trusts. An equally popular one has been to sub-divide heavy shares into £1 or 5s. units; the investment trust share with a nominal value of £100 is now mercifully a rarity and this week Bankers Investment Trust announced a share split into 5s. units and a scrip issue which will have the effect of bringing the market quotation down from £400 to around 13s. The sub-divisions have often been followed by scrip and rights issues. Indeed, in Cable and Wireless and Globe Telegraph, these issues

have become virtually annual events and through them investors have received an effective and substantial increase in their income. Such devices have improved the external appearance and investment esteem of the trusts. Nor has internal health been neglected: a number of mergers of trusts from the same management stable have been arranged, primarily to reduce expenses and, secondly, to improve the marketability of the shares. The Mercantile Investment

Trust, which resulted from the merger of four companies, for example, now has an issued ordinary capital of 33½ million shares of 5s. each; it is not surprising that with a capital of this size, its chairman is able to report that "there is a good market in the shares and that transactions take place daily."

The Ashdown Investment Trust, run by the merchant bankers Helbert, Wagg, has used other—and perhaps more original—ways to attract investors to its shares. Two years ago it experimented with a public offer of its shares at a price slightly above the break-up value. This resulted in a satisfactory, if not overwhelming, response; in February, 1960, when some shares originally issued to certain institutions were released to the market, and again in June, 1961, offers of shares were made at prices just below the break-up value. Ashdown, through these issues, has certainly widened the market in its shares, but it faces a dilemma familiar to other trusts. A rights issue to existing shareholders, though clearly equitable so long as shareholders can take up their rights, does not usually have the result of widening the market much. On the other hand, any public offer of shares that aims at widening the market needs to be pitched on favourable terms. Usually, such an issue would have to be offered around the market prices of the existing units and in almost all cases this would be below their break-up value; but to the extent that the issue price falls short of this value the result must be some dilution of the equity attributable to existing shareholders. Such considerations have led a few trusts to adopt the compromise of a public offer with preferential treatment to existing shareholders; this in its turn partly gets in the way of an intention to widen the number of investors. But, in the end, marketability depends directly not on the number of shares in issue but on the propensity of investors to deal in them and it is inescapable that investment trust shares are so highly prized that they are probably the most tightly held of all equities, not merely by individuals but also by institutions who run portfolios of their own, such as the insurance companies. To this, the often suggested divesting by investment trusts of

holdings in each other's shares would be only a partial remedy.

Investment trusts have been a profitable investment for the big institutions; and they have plenty of attractions for those smaller investors who are not out for a short-term speculative gain but for the prospect of long-term growth and the near-certainty of steady income. First, they offer the investor a spread of geographical and industrial risks. This has been particularly noticeable since the war, for many trusts have acquired substantial holdings in North American securities and some of them are now beginning to nibble at European equities, though here low yields have discouraged the trusts from taking too big a bite. The importance of geographical spread is clearly evident at this moment, when dividend prospects in this country are clouded but look quite bright in the United States, though some investors may be put off by the low net British tax rate that can result from a substantial investment in overseas securities. Industrial spread is no less important, not least because it protects investors from becoming infatuated by current fashions and "glamour" stocks. In addition, the investment trusts, unlike the unit trusts, can offer the benefit of gearing, for almost without exception part of their capital consists of debenture and preference stocks. Attempts to widen the market in investment trust equities by the issue of ordinary shares have reduced the element of gearing in the last few years and the balance has not been completely restored by cash offers of fixed interest stocks. This has led Sir Edward Wilshaw, the chairman of Globe Telegraph, to argue that it might well be to the benefit of this trust's ordinary shareholders to make some further issues in fixed interest stocks, either in the form of scrip or by way of rights.

UNLIKE a unit trust, an investment trust does not distribute all its income; the average distribution is about 80 per cent of available income and the remainder is reinvested. Some trusts, however, pay out up to the hilt while others distribute little more than 60 per cent of available income. This is

Trust	Accounting date	Book value of Portfolio	Market value of Portfolio	Proportion of Portfolio in		Break-up value of Ord.	Approximate increase in break-up value	Corresponding increase in The Economist Indicator†	Equity earnings previous year	Equity earnings latest year	Ord. dividend previous year	Ord. dividend latest year	Price	Yield
				Equities	North America									
ENGLISH														
Industrial & General	31/3/61	13,878	50,418	95.4	13.8	38/9	15.7	11.7	28.1	32.8	22½	26	36/-	3.61
Globe	30/6/61	19,360	45,081	98.8	15.1	22/9	13.8	8.7	14.0*	14.9	10	10	17/10½	2.80
Investment Trust Corporation	1/5/61	11,338	32,118	95.5	39.2	37/-	27.6	25.0	31.4	33.0	24	26	35/-	3.71
Atlas Electric and General	31/3/61	16,477	32,056	97.9	17.6	14/4	16.3	11.7	11.6*	12.9	7½*	9	13/4½	3.36
Trustees Corporation	31/5/61	6,167	21,053	96.2	16.8	41/-	20.6	15.8	31.1	35.0	21	25	33/-	3.79
Lake View	31/3/61	6,190	17,606	90.8	25.0	63/-	14.5	11.7	22.5	25.7	17½	20	53/-	3.77
London Trust Co.	31/3/61	5,411	16,604	97.0	9.5	29/-	20.8	11.7	19.8*	23.4	16*	19	25/-	3.80
Nineteen Twenty Eight	31/3/61	5,818	14,080	92.8	21.7	21/-	15.0	11.7	16.9	15.6	12½	16¼†	17/3	4.35
Trust Union	31/3/61	5,496	12,115	99.1	21.5	18/-	16.1	11.7	13.0	14.8	10	11	15/6	3.55
Anglo-Celtic	5/5/61	2,765	10,149	95.1	29.4	30/-	20.0	27.1	9.4*	12.8*	8½*	10*	12/-	4.17
Continental Union	31/3/61	4,812	9,814	99.9	25.5	18/7	19.2	11.7	12.5*	13.9*	8½*	9½*	15/-	3.17
London and Provincial	31/3/61	2,327	6,453	94.2	34.3	30/2	19.0	11.7	11.8*	13.3*	8½*	10*	13/6	3.89
SCOTTISH														
Alliance	31/1/61	26,398	57,425	93.4	34.3	55/6	8.8	0.4	41.2	45.1	34	37½	64/6	2.91
British Investment Trust	31/3/61	18,868	42,310	99.0	50.1	40/6	24.6	11.7	26.0	26.1	21	23	38/-	3.01
Scottish Mortgage and Trust	31/3/61	6,963	25,641	92.6	36.7	34/11	27.8	11.7	24.7	25.4	19	20	33/9	2.96
Second Alliance	31/7/61	8,616	20,188	95.3	38.0	34/4	23.1	6.1	26.22	28.13	20	20	33/-	3.03
First Scottish American	1/5/61	2,934	5,953	93.1	36.2	57/1	31.4	25.0	9.8*	11.4	8½½*	9¾	48/9	4.00

* Adjusted for scrip issue.

† Including special interim of 1¼ per cent.

‡ Between balance sheet dates.

§ On forecast dividend of 10½ per cent.

** On 15 per cent.

one reason why, as the table shows, many trust shares stand in the market below their current break-up value; this is in contrast to the daily quotations of a unit trust, which are tied to the current market value of the trust's underlying securities. It is possible, however, that too much attention is given to break-up values in comparing investment trust shares, for market prices are also closely linked to the prospective income accruing to the trusts. A considerable time lag is possible between the time when an investment trust receives a dividend and when it pays its own. This is of particular significance now that the Chancellor has made his call for dividend restraint. Should the trusts pass on the higher dividends they have already received to their shareholders? If the trust managers look upon their dividends simply as transfer payments, they could find reasonable arguments for ignoring the Chancellor's request. If, however, they view the request as part of a plan to curb liquidity, they might be prepared to fall in step with the Chancellor. Second Alliance Trust has recently done so, leaving its dividend unchanged, although its income has risen. Will the Alliance Trust from the same Dundee stable take the same stand in January? To the extent that the trusts opt for restraint, they will have to consider whether, in the interests of their shareholders, money that would have otherwise been distributed in additions to dividends should be set aside in a special dividend reserve and held on short-term deposit or whether it should be reinvested in portfolio investment in the ordinary way. As industrial dividends are not likely to rise very much in the coming months, the argument for special treatment has some attractions. On the other hand, there are likely to be good opportunities in ordinary shares and fixed interest stocks that managers taking a longer view may think it advisable to seize. For the moment, at least, a number of them appear to be content to stay outside the market since their available funds

are needed to take up new issues either as subunderwriters or as shareholders participating in rights issues.

While investment trust equities have fallen much in line with the general run of equities since their mid-May peaks, the chart shows that they are still well above their end-1960 levels. In contrast, industrial equities, as measured by *The Actuaries Investment Index*, were slightly below their end-1960 level at the end of August. Thus trust management seems to have come out of a difficult period with credit, though the better performance of trust equities in the last few months can be attributed in part to the view that they were suitable investment for trustees. Certainly, for trustees or private investors, investment trust shares are not likely to bring much in the way of worry. But to buy them, investors have to sacrifice a good deal of immediate income, for the average yield on investment trust equities is about two per cent less than a mixed portfolio of industrial equities now offers. In a sense, this is part of the price for management and obviously investors have to be prepared for a long haul. The immediate prospect is for much less rapid growth, both in terms of capital values and income, than investment trusts have enjoyed in the last three years. It may well be that those Scottish trusts which were earliest to buy North American securities will fare the best in the next few months. Mr A. L. Brown, the chairman of Second Alliance, is hopeful, for example, that some increases in dollar dividends will at least ensure that the trust's earnings will be maintained in the current financial year. But, whatever the ups and downs in the months ahead, investment trust shares ought to be held firmly. Investors could do worse than to ponder the remark made by Mr C. H. Villiers, the chairman of Ashdown Investment Trust, that the sales of Ashdown shares by small shareholders a year ago, when the stock market was uncertain, were matched by purchases by "financial corporations."

BUSINESS NOTES

COMMONWEALTH FINANCE

Horse Trading at the Club

It was perhaps fanciful for the British Government to imagine that the Commonwealth finance ministers who have been meeting at Accra this week would be content with the usual leisurely pre-IMF review of common problems. For the overriding economic problem of the moment, that of preparing for the consequences that would follow from Britain's membership of the European Economic Community, is patently not a common one for Britain and the overseas Commonwealth countries. One may strongly hold that the ultimate aim of the exercise, for Britain to prosper as a member of the European community rather than to risk isolation outside it, is indeed a Commonwealth interest. But it does not follow that there is a unity of Commonwealth interests in the negotiations necessary to carry Britain in. The British Government

has given an assurance that the trading interests of overseas Commonwealth countries will be fully considered. There are numerous ways in which they can be accommodated. Some would involve acceptance of a less privileged position by Continental producers; others would be at the expense of the British consumer and the British balance of payments. The great complication in getting Britain into Europe is that a trinity of interests is involved at each point, and it is in the nature of the case that an easy compact between any two of them can usually be made at the expense of the third.

It is therefore as a preliminary to serious horse trading that the loud cries from Accra need to be considered. When the Canadian ministers declaim that Britain will find it against its own interest to join the common

market, and shouldn't be tempted anyway because it would be unfair to the Commonwealth, their protests should be taken not so much as irrelevant to the point at issue as a routine move in raising their initial bargaining bid. Much the same could be true of Asian and African countries' reported rejection of the possibility of associate membership of the common market for themselves—it is unlikely that this possibility has yet been sufficiently explored. The point of substance is that the loud cries of anguish have their part in setting the scene for the detailed bargaining ahead.

The danger is obvious. If the Commonwealth is "difficult," and the British Government considers it politically difficult to press for a more forthcoming approach, then a scheme that is also acceptable to the Six may be economically and financially very expensive for Britain. Mr Selwyn Lloyd was precluded from letting out his own cries of anguish at the Commonwealth conference table; but it is to be hoped that

Sir Frank Lee will periodically emit them in his capacity as co-ordinator of Britain's common market negotiating team.

OVERSEAS TRADE

Steady Improvement

THE improvement in Britain's trading accounts that has proceeded steadily this year was carried a stage further in August. Export shipments, after adjustment for seasonal variations, rose from £307 million in July to £324 million fob, while imports rose by only £7 million, to £361 million c.i.f. Allowing for re-exports of £15 million, this reduced the apparent trade gap from £31 million to £22 million. This compares with shortfalls averaging £43 million a month in the second quarter, £64 million in the first quarter and £72 million throughout 1960. Since the different valuation of imports and exports together with other distortions in the trade figures swells this apparent gap by about £40 million a month compared with the Treasury's payments accounts, Britain has in fact been earning a substantial true surplus on its visible trade this summer after seasonal correction, and even the uncorrected figures for July and August imply a small true surplus.

Taking the four months May-August together—this spans the month to month distortions of the spring dock strike—exports averaged 2 per cent more, seasonally adjusted, than in the three preceding months, while imports were 2½ per cent less. The check to stock-building is helping to keep imports down, and may continue

UNITED KINGDOM TRADE

£ million per month; seasonally adjusted

	Exports, f.o.b.	Re-exports, f.o.b.	Imports, c.i.f.
1960 :—			
2nd quarter	295	11	375
3rd quarter	290	13	385
4th quarter	295	12	390
1961 :—			
1st quarter	309	12	385
2nd quarter	306	13	362
1961 :—			
February	307	11	383
March	301	12	375
April	306	12	354
May	282	13	365
June	331	15	367
July	307	16	354
August*	324	15	361
January–August*	310	13	370

* Provisional.

to do so in coming months. In the first eight months of the year as a whole exports were 4½ per cent. above the average in 1960, while imports were down by 2½ per cent. The apparent monthly trade gap in the first eight months has now been brought down to an average of £47 million—still implying a true deficit, but within shooting distance of bare balance. Now that net earnings from invisibles have run off, much more than bare balance in the trade accounts

is needed to finance Britain's net capital commitments, and the balance of payments this year still seems pretty certain to be unsatisfactory. But it does seem to be responding.

THE ECONOMY

Investment Rising Again?

CAPITAL expenditure in manufacturing industry, in the second quarter of this year, was 10 per cent higher than in the first quarter and 28 per cent higher than a year before: it amounted to £314.7 million, a new record. But as capital expenditure in the distributive and service industries was slightly down (and significantly below the peak established at the end of last year) total fixed investment in business was only about 5 per cent higher than in the first quarter. The Board of Trade this week began to publish seasonally corrected figures at constant prices for this investment, which now make it meaningful to look at its course throughout the year. The new figures suggest that there may have been a pause in the growth of investment that began late last year, followed by a renewed increase

in the second quarter; and the detailed figures suggest, as other indications have, that it was on investment in plant and machinery, not in construction or in vehicles, that the extra money was being spent.

INDUSTRY'S FIXED CAPITAL EXPENDITURE AT 1954 PRICES

Period	£ million : seasonally adjusted Manufacturing Industry	Distributive and Service Industries	Total
1956 :—	757	519	1,276
1957 :—	792	552	1,344
1958 :—	753	588	1,341
1959 :—	715	667	1,382
1960 :—	838	740	1,578
1959 :—			
First quarter	179	144	323
Second quarter ..	176	172	348
Third quarter	176	162	338
Fourth quarter ..	184	189	373
1960 :—			
First quarter	193	182	375
Second quarter ..	200	184	384
Third quarter	225	182	407
Fourth quarter ..	220	192	412
1961 :—			
First quarter	232	179	411
Second quarter ..	256	177	433

These provisional figures are not fully subdivided as between industries; but the main increases in investment over a year before appear to have come, once again, from iron and steel and chemicals.

COAL

Prices, Mechanisation, and the Market

IT was not quite clear, when Lord Robens talked about price stability for British coal last week in Leicester, whether he meant stable prices now or by 1965; but he is known to be determined to avoid increases from now on if it is at all possible. Faced with annual demands for increases in the wagebill that represents about 55-60 per cent of Coal Board costs, this determination may look hopeful; but the board is now concentrating grimly on further mechanisation—the one expedient, within its present ideas about investment and output, that offers a chance to hold prices.

Three or four years ago, with only 15-20 per cent of the country's output produced from power-loading equipment, the board looked forward to the possibility, some time, of making this 50 per cent; today its intentions are considerably larger. Its average for 1960 was 38 per cent; in July this year the percentage power-loaded was 49 per cent; it is now aiming at 80 per cent, eventually, from this more mechanised production, where it may be possible to raise labour productivity enough to absorb the wage increases that have to be reckoned with. These power-loading installations take time to reach their full efficiency; and as their proportion of output passes half the total, their effect upon average productivity will quicken. Nevertheless, since 1947, while the proportion of output from these more mechanised faces has more than

doubled, labour productivity "overall" in the industry has grown less than 20 per cent, while earnings per manshift have risen about 40 per cent. Stability will be hard to achieve.

It may be that the Coal Board is determined this autumn to stand out more firmly against wage increases: it will certainly be spurred to do so by the Government, which on this issue is anxious to share out some of its unpopularity. The board, like other nationalised industries, is already no doubt discussing with the Treasury just what rate of return it ought to undertake to earn over the next five years on its steadily growing capital—and what output, and rate of increase in labour costs, it has in mind in helping to set itself a target. This growing burden of capital remains perhaps the strongest financial incentive for the industry to stick to its hopes of still producing 200 million tons a year by 1965. The farther output has to be cut below that, the heavier the margin of capital charges that each ton would carry. But it should be noted that this extra margin would not represent the real cost of producing some lower tonnage. The more that output could be cut towards that core of efficient production that can compete with other fuels, the less coal costs Britain. Those extra capital charges per ton would be merely the accounting cost of over-investment through having misjudged the industry's future market potential.

Bank Rate Perspectives

THE Bank of England has been quick to stamp down the sporadic talk about an early cut in Bank rate which was started last week by the August gold figures. The idea was obviously premature. The authorities still adhere to their usual view that Bank rate should be reduced as soon as it is safe to do so, to put them in better stance for a subsequent rise and to discourage the "bad" foreign money. But it does not begin to look safe yet, before even the first trial on wages. All in all it would be surprising if 7 per cent were maintained for less than its six months' run in 1957-58.

Bank rate expectations in fact played little part in the small fall, of $\frac{1}{16}$ th per cent, in the Treasury bill rate last Friday: the discount houses are simply anxious to keep a good share of the bills in the face of heavy outside competition, and at last week's tender they got it. In the circumstances, however, the Bank felt it should make its intention plain, and on Monday it forced the discount houses to borrow a moderate amount at the penal Bank rate. The official view is clearly that even the short-term recovery from the crisis of confidence cannot yet be regarded as assured and completed. On the exchange market the tide has turned, but only just—£50 million back out of £600 million lost—and the limited nature of the restoration of confidence is evident in continuing high margins on forward sterling.

Much the same mood is evident in the stock market. Gilt-edged have had an undoubtedly firmer base since the Chancellor's measures of July, but there has been little follow through. After looking up at the beginning of this month the market has again drooped, and dealers this week were complaining of unemployment for want of business. New funds available for investment seem to be taken up by the heavy volume of new issues, and investors remain remarkably disinclined to change their existing portfolios. The equity markets, too, have had another very quiet week, with prices falling on balance. In the week to Wednesday *The Economist* indicator dropped by 7.3 to 363.4, only four points above its level at the beginning of the year.

Meanwhile credit supplies are very short at all points, and the curtailment in bank overdraft facilities has enabled other lenders to jack up their rates. The market in mortgage loans for local authorities is still very active, and the local authorities have met almost all their requirements from this source since end-July—there has been no change in the policy that official funds through the Public Works Loan Board are supplied only as a last resort. Market rates have hardened a little in the past week, with seven-day money quoted at $7\frac{1}{2}$ - $7\frac{1}{2}$ per cent. This is significantly above the Treasury bill rate of $6\frac{1}{2}$ per cent, even though a seven-day deposit is a still more liquid asset than a three months' Treasury bill. The broad-

BUSINESS NOTES

ening of the mortgage market that has taken place in the past few years evidently still has some way to go.

WALL STREET

Second Thoughts Near the Peak

A correspondent cables:

WALL STREET is in a nervous and erratic mood and the Dow Jones industrial average, having risen to a new peak last week of 726, suffered its sharpest drop for months on Monday before recovering to 722. This is not the most reliable of indicators and it appears to be performing rather better than the majority of equities; indeed, the market gives the impression of undergoing quite a widespread reaction brought about by profit taking. Investors are still confident about the business outlook, but they are concerned about President Kennedy's letter which suggested that the steel companies exercise restraint in raising prices and they even fear that it may be the forerunner of direct government action to control prices, wages and profits. As a result the demand for equities has waned and buying has been concentrated upon the better quality blue chips whose prices compare reasonably with some of the growth issues selling at extremely high price-earnings ratios. Steel issues have been sold, despite the rise in production and sales, but other major industrial stocks as well as food and tobacco shares have been bought.

A prolonged decline in prices is not expected unless the Berlin crisis deepens or unless the administration goes beyond moral suasion in its attempt to hold wages and prices down. Once the current reaction is over, prices should rise again because business indicators are encouraging and because corporate earnings in the third and fourth quarters should compare favourably with the 1960 figures. The latest survey of capital expenditures, largely compiled before the latest increase in defence spending was announced, indicates a rise in the fourth quarter and hence better business for the capital goods producers. Similarly unemployment is at last beginning to show signs of declining and this should lead to higher sales of consumer goods. While the market in general already discounts a boom, Wall Street may take new heart when its predictions come to pass and though the more speculative issues seem to have fallen into disfavour the good quality stocks, including General Electric (which has been depressed because of the anti-trust suits), Ford and IBM are clearly gaining in appeal.

Ford's purchase of Philco through a share exchange is regarded as part of a long-term diversification policy and it is partly responsible for the rise in the price of its shares. Ford will emerge as a major appliance and defence electronics manufacturer, able to compete with the other giants, and this is yet another indication that the smaller electronics companies which have been losing

THE ECONOMIST SEPTEMBER 16, 1961

business to the bigger firms may be in for a prolonged struggle for survival. At any rate Wall Street's vogue for growth stocks in the electronics industry is over—at least momentarily.

BRITISH PETROLEUM

Unchanged Distribution

IN the spring, the directors of British Petroleum indicated that there might be a scrip issue later in the year and this week, together with the announcement of an unchanged tax free interim dividend of 8d. per £1 stock unit, they have promised a one-for-five scrip issue. As, however, they also say that they consider it unlikely in present circumstances that the distributions this year will exceed in total the 1960 payment, the scrip issue cannot for the moment be regarded as anything else than a book-keeping transaction. In 1960, the tax free interim of 8d. was followed by a tax free final of 1s. 8d. If this is scaled down strictly on the capital as increased by the scrip issue, the tax free final this year

SALES AND PROFITS (£ million)			
Six months ended	June 30, 1960	Dec. 31, 1960	June 30, 1961
Gross sales	447.5	489.5	479.0
Net sales	312.2	334.8	323.7
Gross profit	62.1	62.7	57.7
Net income	31.5	30.8	26.3
Gross profit/net sales %	19.9	18.7	17.8
Net income/net sales %	10.1	9.2	8.1

will be the odd amount of 1s. 4 $\frac{1}{2}$ d. per unit. Is 1s. 5d. absolutely impossible?

The decision to leave the distribution unchanged is not surprising in view of the Chancellor's request, especially in a company in which the government has a big shareholding. Nor is it surprising in terms of the trading results of BP and other oil giants this year. The half-yearly results of BP are set out in the accompanying table. While in comparison with the first half of 1960 the volume of sales has risen from 34.8 million tons to 38.1 million tons and the value of sales, net of excise duties, etc., has risen from £312.2 million to £323.7 million gross profits, after higher operating costs and increased depreciation, have fallen from £62.1 million to £57.7 million. The dividend and other income received by the group has risen from £7.8 million to £10.5 million but a rise in tax from £38.6 million to £41.8 million, reflecting a reduction in the credit for British tax relief, has left the net income £5.2 million lower at £26.3 million. Thus, both gross and net profit margins in the first half of this year were lower than they were in the three preceding years.

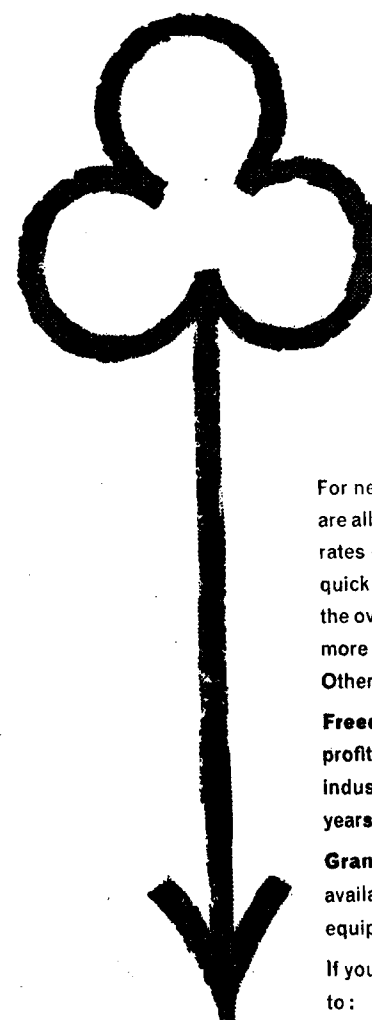
MOTORS

Bleaker Prospects

FORD has warned its workers that it expects that the sales of cars in Britain this winter will be cut by 15 per cent as

IRELAND

—where
manpower
is plentiful



For new industries exporting from Ireland there are all the workers you need at reasonable wage rates — and Irish workers are adaptable and quick to acquire new skills. This is just one of the overwhelming advantages that are attracting more and more new industries to Ireland. Others include:

Freedom from Tax: NO income tax, NO profits tax for 10 years on profits from new industrial exports from Ireland, plus 5 more years of reduced taxation.

Grants: Substantial non-repayable grants available towards the cost of site, premises, equipment and training of workers.

If you would like two informative booklets write to:

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF IRELAND

14 ST. STEPHEN'S GREEN, DUBLIN 2. Phone: DUBLIN 61965

See 'IRISH INDUSTRIAL DEVELOPMENT — WINDOW ON SHANNON'

AN EXHIBITION AT THE IRISH EXPORT CENTRE

235 Regent Street, London, W.1. Sept. 20-29 From 10 a.m.—5 p.m.

Mr. Gerard MacCarthy, representative of the Industrial Development Authority, is at the exhibition and will be pleased to provide further information on what Ireland can offer your industry.

EXPANDING WITH ICFC

MORE PERMANENT CAPITAL
is a prerequisite of expansion

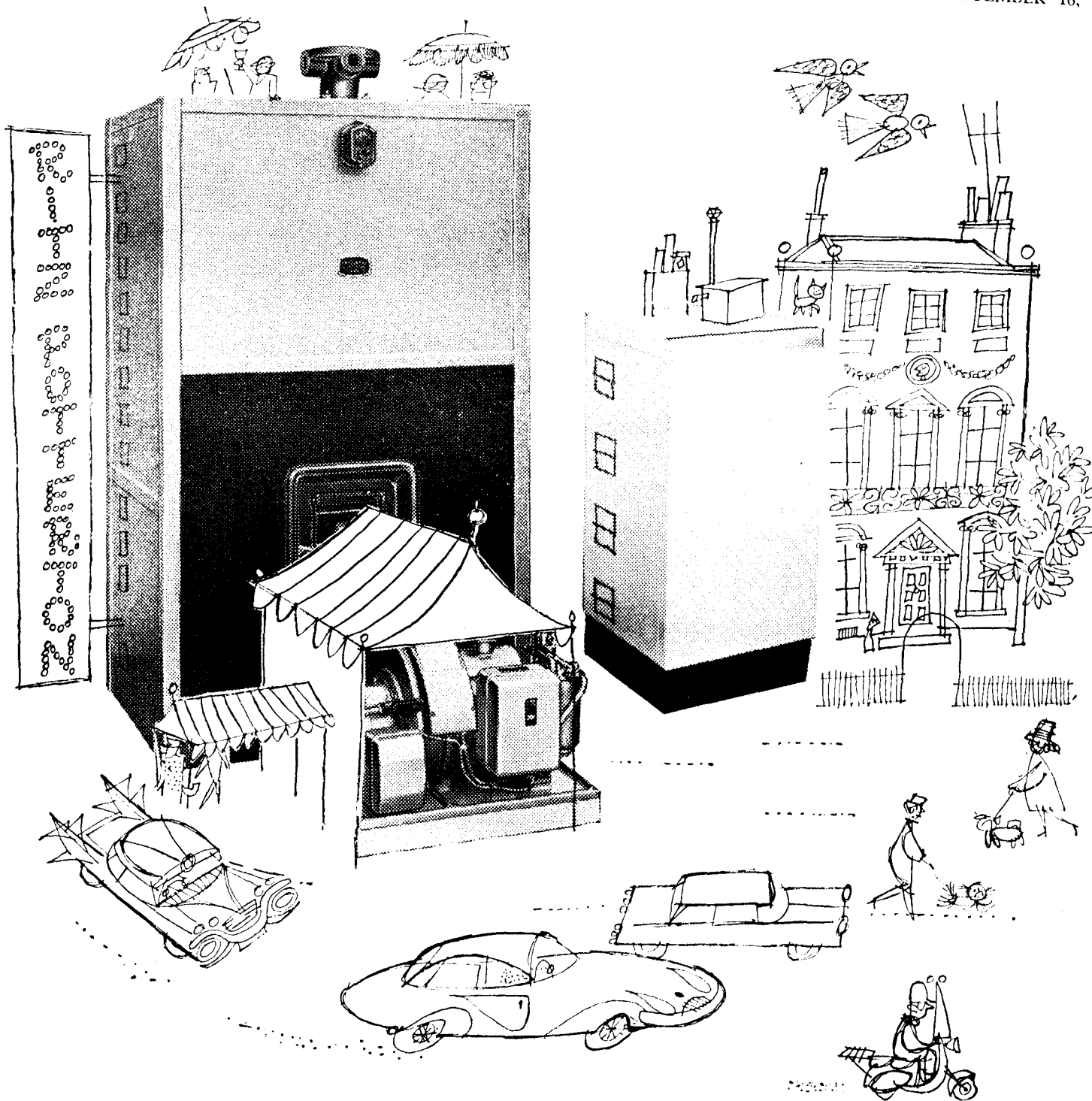
ICFC, with 16 years' experience, is expert in providing the right form of capital—long-term loans and/or share capital—to match management initiative

Shareholders:
The English & Scottish Banks

'CAPITAL FOR BUSINESS' will be sent on request

Industrial & Commercial Finance Corporation Limited

LONDON
7 Drapers' Gardens, EC2
National 8621/5
and branches in industrial centres



Potterton heats hotel or home handsomely

Potterton make boilers—oil-fired or gas-fired—rated from 31,000 to 2,000,000 B.t.u./hr. They are automatic, efficient, economical and purpose designed.

Potterton have been making boilers since the year dot. Very experienced people. Very reliable boilers. Pick Potterton. It pays. **Is your Potterton file up to date?** For all the latest information by return post, just jot "boiler information, please" on your letterhead and send it to us. •

Potterton Boilers at the heart of efficient central heating — oil or gas

THOMAS POTTERTON LIMITED, DEPT. MM, 20-30 BUCKHOLD ROAD, LONDON S.W.18. VANDYKE 7202

Potterton is a registered trade mark

Two Potterton FOA oil-fired boilers (outputs: 1,000,000 and 625,000 B.t.u./hr.) heat the Griffin Hotel, Leeds. Heating engineers: Modern Heating Co. (Button) Ltd.

And domestic gas-fired Pottertons, installed in co-operation with the North Thames Gas Board, heat 115 new homes built by Wates Built Homes Limited on the Abbotsbury Road Estate, Kensington. Architects: A. E. Stone, Toms & Partners.

A MEMBER OF THE DE LA RUE GROUP



the result of the increase in purchase tax and hire purchase charges; there are indeed signs that sales are falling even more sharply than this. August sales puzzled individual producers, who found that their own figures were lower than they had expected, but that the number of cars reported to have been sold on hire purchase was higher—so that most were reduced to assuming that their share of the market had unexpectedly fallen. Such evidence as is so far available for September suggests that sales remain much below the last year's level. The August figures had not been regarded as conclusive, for sales are always low during the holiday period; but September is normally expected to prove a good month for sales, and if the apparent trend continues during the month, the mood of the industry will quickly turn to gloom.

Managements had already started the autumn in a much more cautious mood than that of a year ago, and therefore are unlikely to let stocks rise as much as they had then done—even though a quick recovery in sales next spring seems no less likely than it was this year. The result of this fall in sales will therefore be short-time working quite soon; Standard-Triumph International was in the weakest position to get its dealers to increase their stocks, and so was the first to cut production. Most makers still have relatively low stocks, and so can build them up considerably. They found last winter that dealers would go on taking all the cars they were offered until their stocks reached the maximum they wanted, but then virtually stopped taking any more cars for a month or two. This year makers will try to keep down the rate of increase in stocks, so that they will not be faced with such a sudden fall in demand, as well as seeking to keep down the level that they reach—which some dealers may want to do also. Production is therefore likely to be cut earlier this year than it was last autumn, when both the British Motor Corporation and Ford continued at high production rates until November. It would not be surprising if short-time working spread in the next month.

From Americans, To America

IF General Motors does as expected, and stops importing Vauxhall cars into the United States, and Ford of America were to do the same next year when it starts making its small car, the Cardinal, the companies would only be recognising that it might cease to be economic to import cars if they could satisfy most of the demand for smaller cars from their own production. But logic for the companies concerned could make a significant difference to British car exports. In the summer of 1959, before any of the American compact cars had been introduced, the sales of Fords and Vauxhalls in the United States represented 12 per cent of all

British car exports anywhere. By now they only form five per cent of the industry's total current exports, though the long-term potential for the sales of these makes in the United States would probably be rather higher than this: Vauxhall has been selling off stocks of an obsolete model, and if the new Victor were sold there it might expect a useful improvement in sales. But the arrival of the American compact cars may mean that their sales could never return to the 1959 level.

Part of the boom in the exports of European cars to the United States can now be seen as a short-term response by the American manufacturers to a growing demand for cars smaller than the standard vehicles they were already making. In the summer of 1959 33 per cent of British sales in the United States were Fords and Vauxhalls; apart from the Rootes and BMC saloons, the remainder consisted largely of sports cars. Ford and Vauxhall still account for 20 per cent of British sales in the United States, most of these sales being of Ford Anglias. The American-controlled share of German sales in the United States shows an even sharper change; in the summer of 1959 Opels formed 20 per cent of these sales, but by now they are down to less than four per cent.

The prospect for European car sales in America is now that of supplying specialised demands—which may not be large enough for a very big local manufacturer to think it worth importing cars from his foreign subsidiaries, but should still provide smaller foreign groups with a useful export market. The only maker that seems to have found a demand allowing sales in really high volume is Volkswagen, which looks like selling some 175,000 cars in the United States this year out of a total of less than 400,000 imported cars. British makers are unlikely to sell more than about 80,000: the sales of sports cars have been nearly halved, perhaps as a consequence of financial stringency in the recession, quite apart from the fall in the sales of saloons. There seems little chance that British sales could rise next year if Ford and Vauxhall should withdraw from the market, though new models should help to increase the sales of the other makers.

THE EXCHANGES

Mark Time for Vienna

THE exchange markets have this week caught some of the lassitude of the stock markets, and London exchange dealers report the quietest week of the summer. Sterling has remained firm at around \$2.81½ spot; the three months forward discount has remained at 2½ cents. But business has been very small. In Germany the mark continues under some pressure against the dollar. In the gold markets private buying continues, though apparently in rather smaller volume this week. The gold price in London has been kept steady at around \$35.19.

Just why the exchange markets should have dried up this week is not entirely clear. International politics and the meeting of the International Monetary Fund have both been cited—but both have more often been regarded as the cause of exchange upheavals. It is indeed notable that on the very eve of the IMF meeting all the past speculation about what may happen there seems to have vanished. That, as one dealer wryly remarked this week, may be because so much has happened already. It would be comforting to think that the uncertainties of the exchange markets had now been banished. In fact, most operators still have their fingers crossed. They may be watching the IMF meeting more critically than usual, for signs of what is being done to make the whole system stronger.

LONDON TRANSPORT

Cribbed and Confined

FINANCIALLY 1960 was one of London Transport's less unhappy years. For only the third time since 1949 it actually had some money left over after covering its share of the Transport Commission's central charges. But this net surplus was still pretty measly for an organisation that is soon to regain complete autonomy under its own public board—less than £1.4 million from a business employing rather more than £150 million worth of capital and now earning some £85 million gross a year. Three years ago London Transport reckoned that it ought to make a net profit of at least £5 million a year to cover past deficits, to meet the higher replacement costs of its equipment, and to start building up a general reserve. It has never got even in sight of this amount. And, in the report it has published this week on last year's operations, few hopes are held of being able to do any better in the present year. Recent fares increases are not expected to cover the whole of last year's increase in wage costs; and bus takings are expected to fall further with the continued decline in the quality of service as the result of crew shortages, although the recent wage increases have lately made these somewhat less acute.

London Transport's arguments about its difficulties from traffic congestion and other extraneous factors sometimes give the impression that what it is really saying is that public transport would be fine if only there were no private cars. But the modest improvements in traffic flow—and bus timings—resulting from the handful of new road works carried out in the London area, the extension of controlled street parking, and from the introduction of one-way working and clearways supports the views about the value of some traffic management that London Transport, among others, has long been putting forward. In its latest report, London Transport renews its offensive by arguing, not unnaturally, in favour of spending money on new urban underground railways rather than upon urban motorways; these are not so costly to build for a given traffic

capacity. No doubt it has the Victoria line especially in mind, since the present statutory authority for the construction of this line expires at the end of this year. But there is no obvious reason why this last, and somewhat truncated, survivor of the plans for new underground construction first discussed over twenty years ago should be the only one still to be considered.

Within its present ambit, London Transport has done what it can. By replacing more trolley and ordinary buses with Routemasters and by introducing new types of underground carriages, it has managed to increase its peak carrying capacity, though not quite so fast as peak travel itself has grown. But London Transport's trumpet blowing for public transport would be that much more persuasive if it—and British Railways—seriously undertook to provide car parks at outlying stations for the commuting motorists who are becoming weary of congestion and parking meters.

BIDS AND DEALS

Pastoral Symphony

WHETHER measured in terms of turnover or capital employed, the returns earned by the Australasian pastoral companies are low. In the past this has led the

BUSINESS NOTES

wool brokers to add to their interests in general merchandising and this week it came to a logical conclusion in the merger between Dalgety and New Zealand Loan and Mercantile Agency. Dalgety and New Zealand Loan will be the biggest wool broker in the world, handling about 22 per cent of the Australian wool clip and 27 per cent of the New Zealand clip. The directors believe that "substantial economies will progressively become possible." This will involve redeployment of staff, for a fifth of the 500 branches of the combined company operate in the same areas. Worthwhile savings will take time and the directors admit that at the moment it is impossible precisely to estimate the financial benefits; but ultimately the rate of return on the combined turnover of over £300 million and on the combined net assets of over £42 million should rise.

The merger takes the form of an offer by Dalgety of four £1 ordinary shares and one 5½ per cent preference share for every four £1 ordinary shares in New Zealand Loan. With the Dalgety ordinary at 33s. 7½d. and the preference shares at 13s. this imputes a value of 36s. 10½d. to New Zealand Loan ordinary. This is not much higher than the pre-bid market price of 35s. 9d. but ordinary shareholders of New Zealand Loan will hold nearly 32 per cent of the combined equity (in addition to the preference shares) and while this is in line with

THE ECONOMIST SEPTEMBER 16, 1961

the contribution to net assets it is slightly higher than New Zealand Loan's contribution to net earnings. Dalgety proposes to leave its tax free dividend unchanged at 8 per cent for 1960-61, paid from fractionally lower earnings, and on this basis the ordinary shareholders of New Zealand Loan will gain slightly in total income; including their preference dividend they will receive the equivalent of nearly 14½ per cent, against the maintained 14 per cent promised for 1960-61. But the long-term prospect of economies rather than immediate calculations about earnings and dividends should prompt shareholders to accept.

Cider with Showerings

SINCE some of Showerings' ordinary shares were offered to the public in February, 1959, the company has been trying to lessen its dependence upon its branded product "Babycham." In particular, through the acquisition of Coate's and William Gaymer, it has added to its share of the market in cider and, through the purchase of Duval Wines, it has extended its interests to wine. The proposal to merge with Whiteways Cyder and Vine Products thus follows a logical pattern. First it reduces the area of competition in



TRUSTEE INVESTMENTS ACT, 1961

Trustees for settlements
and others responsible for managing investment portfolios
are invited to communicate with

N. M. Rothschild & Sons

who are prepared to act as investment advisers

ROTHSCHILD EXECUTOR & TRUSTEE COMPANY

is available for all executor and trustee services

NEW COURT, ST. SWITHIN'S LANE, LONDON, E.C.4. MANSION HOUSE 4356

NEW CARS

Victory Needed



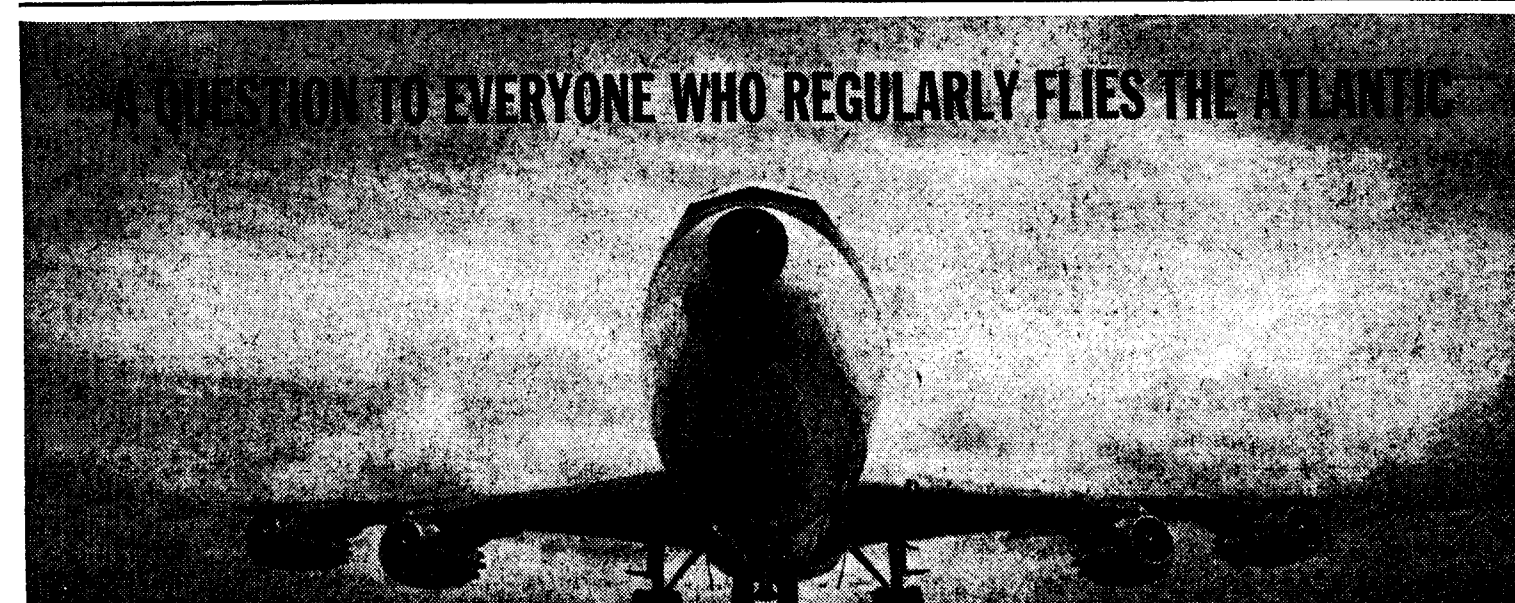
THE new Vauxhall Victor starts life with the advantages of a happier aesthetic design than that of its predecessor, and a price that has not increased—and is therefore lower than that of some of its competitors. Its makers are at pains to emphasise that they have sought to eliminate the weaknesses that gave the old model an unfortunate reputation. The new body is simpler in form, so that there are fewer nooks and crannies into which paint may not always penetrate but which always seem to collect water, and the structure should be less of a nightmare to the production engineer. An extra coat of primer and a new type of cellulose enamel for the top coat are other measures intended to improve the durability of the car; the use of an undersealing compound continues. These changes, and the rise in the cost of materials and labour in the past

year, may well make the new car more expensive to build than the old—though the reduction of 80 lbs in its weight will help to offset them. That Vauxhall has not followed the lead of its rivals in setting a higher price level for its new model shows how anxious it is to recover the volume of sales and output that it has lost in the last year; unless it can do so it will be hard put to produce cars economically.

The new Victor shows few major changes in mechanical design; a four-speed gearbox with synchromesh on all forward gears is an optional fitting for £17 10s. extra, the axle ratio has been raised slightly, and there are only four points on the car that need greasing, and this at intervals of 12,000 miles. The engine develops 1½ bhp more; and the springing has been made softer. The

result is a car that is noticeably smoother and quieter than the old Victor, with a slightly higher maximum speed of around 80 mph. The riding comfort has also been improved, somewhat at the expense of the good cornering of the old model; there is now more roll, and the degree of understeer has been increased. The effect is to make the car rather less pleasant to drive fast than the old model, though the engine is now more flexible.

Despite sacrificing some of the best characteristics of the old model, the new Victor should be a stronger competitor in its class. Looks may well count for more than cornering ability with many buyers; and the new body also gives rather more space than the Ford Classic provides, at a price, with four-speed gearbox, that is £3 less for roughly comparable models. It does not offer disc brakes, but its reduction in maintenance costs will probably offset this for most buyers; the Victor's drum brakes show good resistance to fade, but will need adjusting fairly frequently if used hard, while disc brakes are self-adjusting. For convenience and cost of maintenance the two features probably cancel one another out. Vauxhall has produced a good average car in the new Victor. In a size where no British maker has yet produced an exceptional car, it should allow the company to get back to a more reasonable level of sales, whether or not it can take Vauxhall back to capacity.



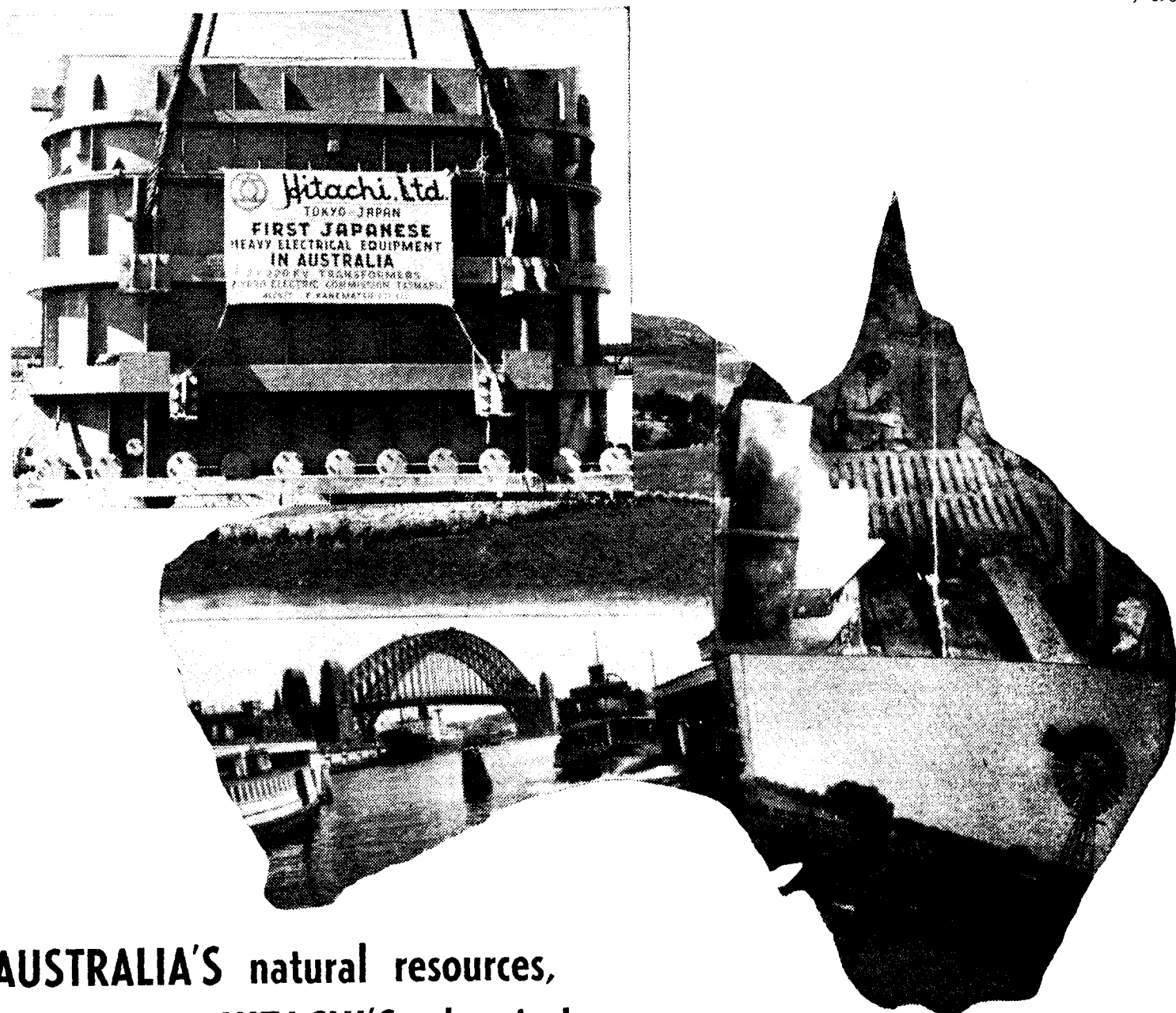
DO YOU FLY BECAUSE YOU ENJOY IT or just because you're in a hurry?

By his second or third crossing, the transatlantic traveller begins to be critical. He appreciates the speed—but where has the pleasure gone? It hasn't—if you fly on our Shamrock services. On these services, the speed is provided by the latest Boeing jet liners and the pleasure begins at the beginning. Why? Because alone among airlines we offer:
THE 11-POINT TAKE-OFF You can fly to America from any of eleven cities in Britain—London, Manchester, Edinburgh, Glasgow, Blackpool, Liverpool, Leeds/Bradford, Birmingham, Cardiff, Bristol, Isle of Man—saving perhaps hours of cross-country travelling.

THE LUCULLAN INTERLUDE Relaxing, before the long hop, in the comfort of Dublin Airport, you will find a restaurant where the food is as superb as anywhere in the world—each dish a creation cooked and served to highest international standards... Dined and wine, legs stretched, lungs freshened—you discover the next pleasure...
SMILING IRISH EYES, property of the six air hostesses (three for Golden Shamrock, 1st Class,

three for Silver Shamrock Economy Class travellers)—calm, beautiful, soft spoken, thoughtful and efficient. If you're a traveller first class, your eyes will light up at sight of
THE GOLDEN SHAMROCK MENU starred with such delicacies as Broiled Liffey Salmon or Limerick Ham Bunratty style, with Pouilly Fuisse 57 or Charles Heidseick 53. Travellers who know, place Golden Shamrock food in a class by itself.
THE 2-POINT TOUCH-DOWN Shamrock services give a choice of flights not only to New York, but also to Boston. On which thoughtful note, we wish you goodbye—until your next transatlantic trip.
DUTY FREE SHOPPING The Shamrock transatlantic service gives you time enough at Shannon to make profitable purchases at the International Duty-Free shopping centre.

AER LINGUS
IRISH INTERNATIONAL AIRLINES



AUSTRALIA'S natural resources, HITACHI'S electrical resources... A NEW AND POWERFUL COMBINATION

At the height of this event-filled year*, Hitachi, Ltd. of Japan announces a major first—the introduction, for the first time, of Japanese-made heavy electrical equipment to resource-rich Australia.

Two Huge Hitachi 30 MVA transformers have already been delivered to a Tasmanian port. The three-phase, 50-cycle transformers, of the self-cooling type and rated at 11 kV delta to 230 kV

wye with solidly-grounded neutral are, as usual, Hitachi-designed, Hitachi-engineered, Hitachi-manufactured.

Destined for the important Catagunya Power Station of Tasmania's Hydro-Electric Commission, this equipment is another strong link in Hitachi's chain bolstering international natural resources.

 **Hitachi, Ltd.**
Tokyo Japan
Cable Address: "HITACHY" TOKYO

* Another Hitachi "event of the year":

Fortune magazine's official announcement lists Hitachi, Ltd. as the 17th largest firm in the world (excluding the U.S.) and as the first company of Japan.

cider and removes the possibility of a clash between Vine Products, already established in the market for British wines, and Showerings, which through Duval seemed to be intent on penetrating this market. Secondly, the combined group can offer a diversity of products and its sheer size enhances its bargaining strength with the brewers, which through their tied houses control the companies' most important points of sale.

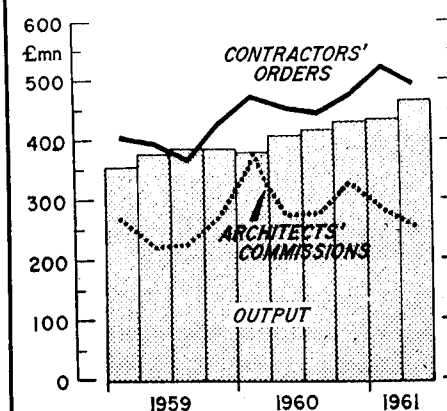
The initiative in this merger has not been exclusively on Showerings' side and the chairman of the new holding company will be the chairman of Vine Products, Sir Ronald Howe. The terms of the merger are: six 5s. shares in the holding company for five 5s. shares in Showerings (giving its shareholders 55 per cent of the combined equity); seven holding company shares for five 5s. shares in Vine Products (40 per cent of the equity); and nine holding company shares plus 45s. for 20 shares in Whiteways (5 per cent of the equity). With Showerings ordinary shares at 18s. 4½d., the value imputed to Vine Products is just under 21s. 6d. per share. This is below the pre-bid market price of 25s. 6d., which had been strongly affected by bid rumours; the price has since fallen to 22s. 3d. The merger terms seem to take adequate account of the contributions that the three companies should make to earnings.

STEEL

Stocks Down Much More

STEELWORKERS spent a little more of August this year on holiday than August 1960. But the very sharp fall in

FEWER NEW BUILDINGS PLANNED



Building contractors took in the first six months of this year orders for new buildings worth nearly 10 per cent more than in the same months of 1960. This is the smallest increase for some time. More significantly, new commissions received by architects (which cover only part of the work eventually reaching contractors) are down this year for the first time since 1959. Both architects and contractors find that demand for new industrial and commercial buildings has slackened most: demand for new housing seems for the moment to have levelled off, while work for public authorities (other than for new houses) is still growing.

production during that month, by a full 20 per cent from an average weekly rate of 422,900 tons last year to one of 338,400 tons this August, must have some other explanation. This, the Iron and Steel Board thinks, was a further running down of stocks by steel users, probably at an even faster rate than before. The turn round in steel stocks began in the motor industry towards the end of last year. It has since spread to many other steel-using industries, although shipyards and constructional engineers have apparently still been adding

STEEL STOCKS

	Consumers' stocks			Merchants' stocks		Total	No. of weeks' supply
	Sheet	Plate	Tin-plate ('000 tons)	Other	Stocks		
Prev. peak: Mar., 1958	484	836	126	2,774	421	4,641	15.5
Prev. low: Dec., 1959	421	563	124	2,002	364	3,474	11.5
1960:							
June.....	565	586	152	2,262	366	3,931	11.9
Sept.....	728	594	157	2,316	383	4,178	14.3
Dec.....	758	642	162	2,468	464	4,494	13.9
1961:							
March*..	664	729	162	2,525	514	4,594	13.8
June*...	569	782	149	2,499	512	4,511	13.5

* Provisional.

to their holdings of plate, and steel merchants, who supply the smaller steel users, seem to have been keeping their stocks at roughly an even level.

The full results of the board's June census of steel stocks confirm its previous estimate of a two per cent reduction in holdings during the second quarter of this year, the first such quarterly drop in total holdings for almost two years. With just over 4½ million tons at the end of June, steel users and merchants had on hand the equivalent of 13½ weeks' supply at current rates of use. This is close to what in the past has been considered a fairly normal level. However, there are signs, the board reports, that since most steel products are now much more readily available, large steel users may be preparing to operate with smaller reserves. If this should be the case, steel output could remain depressed for some time. The low total of output in August, equivalent to only 78 per cent of the steel the industry was capable of producing during that month, suggests that steel users must have started eating into stock about as fast as a year ago they were building them up.

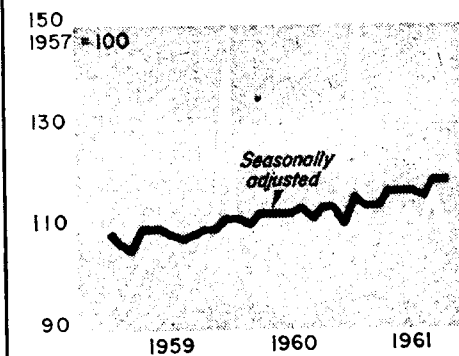
SILVER

More Precious Metal?

CHINA is expected to sell about 40 million ounces of silver in western markets this year. These sales have delayed considerably the expected exhaustion of the stock of "free" silver held by the United States Treasury. Under an Act of 1946, the United States Treasury can sell non-monetised silver at a price of not less than 90½ cents a troy oz, but only to American users. For many years, production of silver has fallen far short of demand, but the gap has been

RETAIL TRADE

The tentative figures of retail trade, seasonally adjusted, show that people spent as much in the shops in August as in July, when the index rose 2 points above the level of the second quarter. So the amount of stocking up in advance of the Chancellor's surcharge may have been smaller than first reports suggested. The surcharge has however raised the retail prices by 1½ per cent, in so far as it has been fully passed on, so that the quantity of goods bought in August fell by roughly this amount.



filled by demonetising coinage and, to a certain extent, by sales of Russian silver. But less silver has come from these sources in recent years. Users have therefore drawn heavily upon the US Treasury's free stock, which is available at a delivered price of 91½ cents a troy oz. In 1960, consumption of silver for industrial purposes—photography, metal joining, the manufacture of electrical goods as well as sterling holloware and flatware—exceeded production by a substantial margin. Because there was also a rise in the coinage of silver, the gap between consumption and world production, excluding Russian output, widened to about 100 million ozs.

About 52 million ozs were drawn from the free stock last year. The stock was about 124 million ozs at the end of December; now it contains only 63 million ozs. It is one of the impenetrable mysteries of the East how much more silver China has to sell, in what form it is held and where it originated. China produces little or no silver, but as in most Eastern countries large quantities of silver would formerly have been distributed among its population in one form or another. The cause of the urgent sales at a time when many are forecasting a significant rise in the price of silver is obviously China's pressing need for currency with which to pay for its increased imports, particularly of grain, from the West.

Apart from the free stock, the United States holds a further 1,800 million ozs of silver as part of its monetary reserve, but it does not appear likely that Congress will pass the necessary legislation to release any of this metal in order to continue pegging prices at the current level against the wishes of American producers. There is every chance that the free stock will be exhausted

or that the US Treasury will withdraw from the market within the next year. When that happens and the price rises, there is a prospect that further considerable quantities of silver will become available, though not from mining, where the output of silver, which is mainly a by-product of lead and zinc production, is not greatly affected by changes in its value. The lowest official value of silver in American coins is \$1.29 an oz. It would, therefore, take a much greater rise than is in immediate prospect to make worth while the illegal melting down of American coins. To obtain silver from the United States market, consumers have to pay an export premium of about one cent an oz and other costs add a further cent to the price. The London price of 79½d. an oz for spot supplies is equivalent to about 93½ cents.

DOMESTIC APPLIANCES

Short-Term Fall, Long Term Rise?

THE domestic appliance industry seems likely to suffer more from the increase of 10 per cent in purchase tax in the "little Budget" last July than the small size of the increase in the price of its products would suggest. Rumours of the increase in prices to come put up sales in July, and they seem to have remained at this rather higher level during August, while retailers continue to sell their old stock, on which they had already paid tax, at the previous price. But now that goods are being sold at increased prices, retailers find that sales are falling below the level prevailing before talk of an increase in purchase tax began. Refrigerator makers remain those in the worst position, for they are still left with excessive stocks; in June these were more than 150,000 above the normal level for that time of year, and they may well be higher now. Sales in April and May had been well below those of 1960, but they improved in the later part of the summer, as the weather became hotter, to a level little lower than that a year before. Makers are now having to cut back output sharply to prevent stocks getting out of hand during the winter, and several have already dismissed some of their workers.

That there should still be scope for long-term growth in sales of some domestic hardware is shown by the latest market research survey on these appliances published by Odhams.* The last survey was made in September-October, 1958, just before the abolition of the restrictions on hire purchase opened the flood gates of demand; this one was made in the first three months of 1961. It shows that the market for television sets must now be at saturation point, with some 78 per cent of all homes owning one. This is about as high a figure as was ever reached for

*"Woman" and the National Market: Domestic Electrical Appliances.

BUSINESS NOTES

homes owning one radio set. Radio had reached this point by 1958; since then the proportion of homes owning one radio set appears to have fallen—though there may be an increasing number of homes that possess several. There may still be plenty of scope for more washing machines—so long as present owners have not become disillusioned about whether they save or create labour—and even more for refrigerators.

Something of the change in the competitive position of different firms in the industry is shown by another part of this

APPLIANCES IN THE HOME

(Percentage of all housewives owning one)

	Sept.-Nov., 1958	Jan.-Mar., 1961
Washing machine	28.4	39.4
Refrigerator	10.2	19.7
Vacuum cleaner	64.9	71.1
Television set	62.3	77.9
Radio set	78.1	76.2

survey, which covers the brands of appliances bought in the last five years. In the five years before the last survey—1953-1958—47.5 per cent of the washing machines bought by the housewives interviewed were Hoovers. In the five years 1956-61 this make accounted for only 36.2 per cent, while Hotpoint had come up from 7.7 per cent to 15.7 per cent and taken the place of second most popular brand from Servis. Amongst brands of refrigerators there was an even bigger fall in the share that the leader, Electrolux, appeared to have commanded of sales; during 1953-1958 it was said to have accounted for 31.8 per cent of those that the housewives questioned bought, but during 1956-1961 for only 17.1 per cent of them. In this industry the biggest increases in market share were those of Lec, from 2.7 per cent to 7.4 per cent, and of English Electric, from 2.7 per cent to 6.4 per cent. This year the position of the different companies has changed yet again, as a result of the varying effectiveness of their response to adversity.

OVERSEAS CONTRACTING

Hit by Competition

IN retrospect it becomes apparent that the successful bid of an Italian firm of contractors for the main Kariba dam contract three years ago marked the beginnings of an era of considerably increased competition for British construction firms doing overseas work. Just how much so is made plain by the latest figures of the Ministry of Works, covering the twelve months to last March. The total value of work done by British firms rose once again, from £124 million in 1959-60 to £135 million, nearly twice as much as in 1955 when these figures were first collected. But the value of new contracts won during the year dropped abruptly from £131 million to £98 million. One year's results should not be taken in isolation, particularly as with the increasing size and duration of individual contracts

THE ECONOMIST SEPTEMBER 16, 1961

construction companies are tending not to bid for every major job going. But there has also been a marked decline in the total value of contract work outstanding, from £133 million in March, 1960, to £100 million at the end of March, 1961.

The pace of development work going on in the world has certainly not slowed down—rather the reverse in fact—although there was some slackening in both Australia and Canada, two of the bigger markets for British contractors. Heavy losses in Iraq have for the time at least induced greater caution in accepting contracts in other countries of relative political instability in the Middle East and elsewhere. But the principal reason for the decline in successful tendering by British contractors has been that far more firms from a steadily growing number of countries have become seriously interested in undertaking overseas contracts. Besides Italian companies, contractors in France, west Germany and more recently in Japan, have become very active. Until the terms of export credit guarantees were changed earlier this year, allowing guarantees on loans of more than five years, British contractors claimed that credit difficulties were their chief handicap. Now, with interest rates higher in London than most other financial centres, the cost of credit, rather than its availability, has become the main subject for criticism, plus the growing habit of many countries (not only on the far side of the iron and bamboo curtains) of providing overseas aid in the form of tied loans. British overseas contractors are far from lacking in drive and enterprise: they had rebuilt their organisations virtually from scratch since the end of the last war. But the easier markets of the early and middle fifties appear to have gone for ever.

SUPERSONICS

The Sound Barrier

PERHAPS it is time that the public started to take note of the things that engineers say about supersonic airliners at such technical meetings as that held this week at the Royal Aeronautical Society. Some of these things concern not only those who might eventually buy tickets to fly in these machines but also every living person within earshot of the world's main air routes. These aeroplanes are going to be a public menace, not merely because they are noisy but because they are capable of doing considerable damage. Aircraft makers and users are beginning to wonder how much of this people are going to stand.

The trouble with a supersonic airliner is its size. Small aircraft flying at more than twice the speed of sound attract nothing worse than a few round curses from people on the ground. The shockwave they create eventually hits the ground however high they fly, but it is small and the disturbance it causes is small enough to get overlooked. A supersonic airliner, several times bigger

LONDON— TOKYO



OVER THE POLE

ALSO VIA U.S.A. TRANS-PACIFIC TO TOKYO

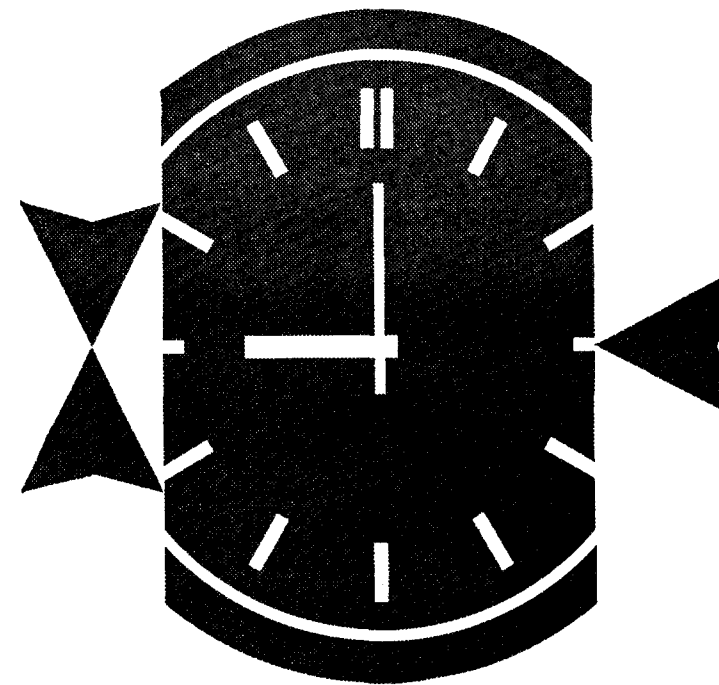
Japan Air Lines add a delightful new flavour to flying on their twice weekly polar flights London-Tokyo. You can also enjoy this wonderfully different world of courtesy and serene beauty when travelling between Japan and West Coast U.S.A. Dainty kimono-clad hostesses pamper you with unaccustomed luxuries like *sake* and *o shibori* hot towels. First class passengers have colourful, comfortable *happi* coats to wear. You'll find that relaxation comes easy aboard the big, swift DC8C International Jet Couriers of Japan Air Lines.

Also frequent services first and tourist class between Singapore, Bangkok, Taipei, and Okinawa.

For full details, see your travel agent, or write to:

JAPAN AIR LINES

8, HANOVER STREET, LONDON, W.1.
TELEPHONE: HYDE PARK 3831



lock around the clock

Time is a wonderful ally in the fight against burglary. And most of Chubb's efforts are devoted to putting time on your side. As, for example, in the Chubb Time Lock for safes and strongroom doors.

As he leaves work, the person responsible sets the mechanism for an appropriate hour in the morning—say 9 o'clock. Until the clock inside (duplicated for safety's sake) reaches that hour, an inhibitor arm holds the bolt firm. Duplicate keys, or knowledge of the combination, become useless to the burglar.

A Chubb Time Lock completes the defences of important safes and strong-room doors. But like all security devices, it does need to be in position *before* the burglar arrives. He can be defeated. With Chubb and time on your side, he probably will be. Pass your security problems over to Chubb today.

CHUBB

Please write for details to: Chubb & Son's Lock and Safe Co. Ltd.
14-22 Tottenham Street, Tottenham Court Road, London W.1.

Chubb counter the crime wave

than the biggest supersonic bomber now flying, would cause a shock wave hitting the ground over which the aircraft passed with a pressure of about $1\frac{1}{2}$ lbs per square foot. This is the figure given in papers read at this week's meeting by Farnborough engineers, and it is 50 per cent above an acceptable limit. A pressure jump of $1\frac{1}{2}$ lbs might not do damage at the heights at which supersonic airliners would fly, but it might sound to people on the ground as if someone had tiptoed up and hit a big bass drum close to their ear. Moreover, this "noise carpet," as it is disarmingly called, could perceptibly be as much as 80 miles wide. This sonic boom would be nothing like thunder; its characteristics would be sudden, unexpected and frightening. If North Atlantic air traffic went supersonic, these bangs might recur in a busy period every ten minutes. There is considerable room for doubt, therefore, whether governments would tolerate such disturbances over their territories; and if supersonic flying is banned over land, the airlines would have no interest in supersonic transports at all. All advantage would be lost if an airliner after flying supersonically from London to the coast of North America then had to throttle back to subsonic speeds onwards to Chicago or San Francisco.

Physical damage caused when a supersonic airliner accelerated to supersonic speeds would be something quite separate. Then the shock wave might cause a pressure jump on the ground of as much as $2\frac{1}{2}$ lbs per square foot—and 2 lbs upwards is likely to damage windows and buildings. To keep the airliner at subsonic speeds until it has reached a safe cruising altitude assumes that an aircraft with the right shape for supersonic flight will also be right for such long climbs. On the contrary, aircraft engineers suspect that this trick will never be worked without adopting "variable geometry," which means, in fact, changing the shape of a supersonic aircraft's wings during flight. When that is done, perhaps, supersonic travel will be several stages nearer.

RUBBER

Half-Hearted Recovery

THE best grade of rubber rose one penny a lb. in London last month to 25½d. a lb. It is generally accepted that since the end of August the prospect of a stronger economic recovery in the United States has been strengthened by the early settlement of the major issues involved in General Motors' wage dispute while the political trouble in Berlin has worsened. But the rubber markets have not responded. It had been assumed that a strike at General Motors would be short-lived and the market is far from unanimous about either the seriousness of the difficulties in Berlin or their potential effect on markets.

Last month's improvement in prices

partly reflected an upsurge in demand from east European countries which might have been because they were better informed about the development of the Berlin crisis. Shipments of rubber for Czechoslovakia, for example, normally pass through west Germany, and last month's purchases might have been made to forestall any retaliatory dislocation of trade.

The most tangible sign of the impact of America's economic revival on rubber probably lies in the narrowed price differential between the best and the lower grades of rubber, which the United States, because of its more advanced technology, is best fitted to make use of, though it is said that the communist countries have also reduced their dependence on the top grades.

If there were a lengthy disruption of motor car production in the United States, rubber might weaken sharply. Estimates of potential consumption of natural rubber by the United States this year are already in danger of not being realised; synthetic rubbers appear to have strengthened their challenge. Natural rubber output is seasonally high, and but for larger purchases by communist countries, stocks might have become embarrassingly high.

SHIPPING

Fairer Weather for Tramps

TRAMP shipowners are becoming more confident that freight rates may make a significant advance during the coming months, when seasonal demand is normally at its height. The reserve of laid-up tonnage is no longer a millstone round the neck of the shipowner who is negotiating with a charterer, although in the grain trades the surplus tankers available still form a deterrent. Even the tankers are succeeding in getting higher rates: last weekend 110,000 tons of tanker space was fixed for grain from the US Gulf to Holland or Belgium at rates up to \$5.15 fio for October loading. The highest previous rate for this type of tonnage so far this year has been \$4.82½ for four consecutive voyages. The higher rate reveals a shortage of free shipping in the North Atlantic area, which has probably been accentuated by the delays and congestion now affecting Japanese ports, which have found themselves unable to cope adequately with the greatly increased quantities of coal, grain, iron ore and scrap which have been converging on them from all over the world.

Another sign of strength is that charterers appear to be more ready to cover their requirements well in advance, and there also appears to be more interest in time charter fixtures for periods of up to twelve months at current rates. Cuba and China have contributed greatly to the provision of employment for tramp ships. The United States now has to import its sugar over

much greater distances, such as from Australia and the Philippines, while the diversion of Cuban exports to such distant parts as Communist China and the USSR absorbs much tonnage which otherwise might have been idle. China's succession of poor harvests has also boosted demand for tramp ships; and it is satisfactory for shipowners to know that both these conditions are likely to remain effective for at least a few more years. With the chances of demand for the sea transport of oil likely to be increasing over the winter months, some tankers carrying grain may be persuaded to resume the activity for which they were designed. There can be little doubt that if it was not for the tankers in the grain trades the general level of tramp freights would be much higher than at present.

SHORTER NOTES

The meeting of the International Tin Council which was to have taken place this month has been postponed until October 9th. This is the second postponement of the meeting that was originally planned for August. All bids for the 1,000 tons of tin from a stock controlled by the General Services Administration of the United States were rejected last week. Cash tin recovered to £952½ but subsequently reacted to £945½ a ton.

★

Rover has made some minor changes to its 3-litre model for 1962, but it is continuing to make the 80 and 100 models unchanged. The 3-litre has been given different engine mountings and various changes have been made to the body; if an automatic transmission is fitted, there is now a control to hold it in the lower gears. This model now costs £30 more, while the price of the 100 has been increased by £10.

★

The terms of the one for five rights issue already foreshadowed from Chartered Bank have now been published. The new shares amounting are to be issued at 40s. to raise £2.2 million. With the existing units at 53s. the rights are worth 2s. 2d.

COMPANY AFFAIRS

Comments on pages 1106 and 1107 on:
Rank Organisation General Electric
British Electronics Fitch Lovell
Doom Dooma Cyril Lord

LONDON AND NEW YORK

Stock prices, yields and security indices on pages 1108 and 1109

LONDON STOCK EXCHANGE

The week's movements reported on page 1107

MONEY AND EXCHANGES

Money market report, exchange rates and public finance on page 1110

COMPANY MEETINGS

MANNESMANN AKTIENGESellschaft

DÜSSELDORF, GERMANY

RECORD TURNOVER OF DM 4,572M.: STEEL OUTPUT EXCEEDS 2,300,000 TONS

FOREIGN SUBSIDIARIES DO WELL

The Annual General Meeting of Mannesmann AG was held in Düsseldorf on June 28th, and the following are details of the report presented by the Board of Directors:

TURNOVER

The business year 1960 was particularly successful for Mannesmann AG. The Company participated in the economic progress of the Federal Republic, and was able to improve its position in the world market in spite of increased competition.

Total group turnover of Mannesmann AG and all its German and foreign subsidiaries amounted to DM 4,572 million, and external sales rose by 16.6 per cent to DM 3,535 million.

Total sales of the Mannesmann consolidated domestic companies reached DM 4,092 million, while sales to outside customers reached DM 3,174 million against DM 2,739 million in 1959.

Although exports did not increase in the same proportion as home sales, they reached DM 883 million, an increase of 10 per cent on the previous year, and represented 27.8 per cent of total turnover as against 29.3 per cent in 1959.

The increase was shared equally by all continents with the exception of the Americas, but the major part continued to go to the countries of Europe. Details of exports are shown in the following table:

	DM m.		DM m.
Europe	610	South America ...	56
Africa	30	Asia	134
North America ...	52	Australia	1

DIVISIONS

The following are details of developments in the various sectors of the Mannesmann Group:

A. Mining

Essener Steinkohlenbergwerke AG, the Group's coal mining subsidiary, had a favourable year as a result of higher productivity and further rationalisation. Output increased by 0.8 per cent to 6,373,000 metric tons.

Coke production, which included the output of the new central coking plant at Huckingen, also rose by 15.9 per cent to 2,238,000 metric tons.

Pithead stocks were reduced by 57.3 per cent from 871,000 metric tons to 372,000 metric tons.

Output of the Mannesmann ore mines in Germany showed a rise, principally because of the higher output of the Königsberg mine near Wetzlar, and reached 373,400 metric tons, an increase of 24 per cent.

B. Steel Works and Rolling Mills

Crude steel production in the Company's plants rose by 13 per cent compared with 1959 and reached a new high level of 2,368,000 metric tons. Nonetheless, the Company's share of crude steel production in the Federal Republic fell from 7.1 per cent to 6.9 per cent. A breakdown of steel production shows an output of 1,640,000 metric tons of open-hearth steel, 662,000 metric

tons of basic Bessemer steel, and 66,000 metric tons of electric steel.

Production of rolled steel at 1,529,000 metric tons was 20 per cent higher than in the previous year.

Raw material supplies were adequate. A large proportion of scrap imports came from the USA. Iron ore supplies totalled approximately 2.7 million metric tons with the share of home produced ore dropping from 34.5 per cent to 31.9 per cent. In order to secure ore supplies on a long-term basis at stable prices, the Company concluded long-term agreements for the supply of West African iron ore with the *Liberian American-Swedish Minerals Company* (LAMCO) and the *National Iron Ore Ltd.*, both in Monrovia.

C. Tube Plants

The production of steel tubes in the Federal Republic rose by 13.5 per cent to 2,340,000 metric tons in 1960.

Tube production of the German Mannesmann companies, i.e., of the plants of the Parent Company itself and of those of its German subsidiaries, including *Röhrenwerke Bous/Saar GmbH*, was 18.8 per cent higher than in the previous year (excluding large-diameter pipes). Whilst the production of seamless tubes rose to 661,000 metric tons, an increase of 21.8 per cent compared with 1959, the output of welded tubes of up to 318 mm diameter rose by 8.3 per cent to 166,000 metric tons.

The production of welded large-diameter pipes fell by 35 per cent to 156,000 metric tons owing to the lack of large export orders. This total, however, was still approximately the same as that in 1958. Tube production in the plants of the Parent Company increased by 14 per cent to 637,000 metric tons over the previous year.

The Mannesmann foreign subsidiaries in Brazil, Canada and Turkey produced altogether 137,000 metric tons of tubes, bringing the overall Group total to 1,120,000 metric tons as against 1,074,000 tons in 1959.

SUBSIDIARIES

A. Steel Processing

Röhrenwerke Bous/Saar GmbH, Bous/Saar
Output rose by 66 per cent during the year, and reached 93,300 metric tons of seamless tubes. The company erected a new 50-ton electric steel furnace which came into operation in February 1961.

Grossrohrwerk Mannesmann-Hoesch GmbH, Duisburg

Output and turnover, which had risen considerably in 1959, fell by about one-third during the year. At the end of 1960, however, the order book position again improved and it is to be expected that capacity will be fully utilised in 1961.

Kronprinz AG, Solingen-Ohligs

Turnover was 33 per cent higher than in 1959, but the export ratio fell from 27 per cent to 24

per cent. Output of cold strip increased by 40 per cent, hot strip rose by 28 per cent and seamless tubes advanced by 26 per cent. The present volume of orders will ensure a high level of activity for some time to come.

Kammerich-Werke AG, Brackwede

Turnover rose by 25 per cent compared with 1959. Exports increased to 26 per cent of output as against 22 per cent last year.

Mecano-Bundy GmbH, Heidelberg

The company produced 53 million metres of Bundy tubes during 1960, compared with 36 million metres in 1959, an increase of about 50 per cent. The production of thermostats rose by 40 per cent and total turnover increased by 35 per cent.

Mannesmann-Stahlblechbau GmbH, Düsseldorf

Owing to the strong demand the company increased particularly the production of oil-tanks and of transport containers. Turnover was 19 per cent higher than in the previous year and a new plant for the production of oil-tanks will be commissioned in the summer of 1961.

Mannesmann-Rohrleitungsbau GmbH, Düsseldorf

Turnover was 12 per cent higher than in 1959, and the export ratio rose from 22 per cent to 31 per cent. Current orders, about 50 per cent from foreign customers, ensure full employment for about twelve months. The company has half a share in an important pipe-laying contract in Assam (India).

Mannesmann-Meer AG, Mönchengladbach

Turnover increased by 44 per cent and the export ratio rose from 46 per cent to 57 per cent.

The large-diameter tube mill erected at Rourkela (India) last year was responsible for the major share of the increase in exports. The erection of this plant, which was built and brought into operation in 15 months, was a remarkable achievement.

Porsche-Diesel-Motorenbau GmbH, Friedrichshafen/Lake Constance

The company was forced to make changes in its tractor production programme.

The resulting teething troubles led to a fall in output, which at 13,000 units was about 30 per cent lower than in 1959. The new types of tractor introduced early in 1961 were well received both at home and abroad, and it is to be expected that the relatively high levels of production and turnover reached in 1959 will be equalled in the current year.

B. Coal Chemistry and Plastics

Ruhrchemie AG, Oberhausen-Holten

Mannesmann increased its interest in this company from 25 per cent to 33½ per cent. The rationalisation measures initiated in 1959 proved fruitful during the year. A new polyethylene plant came into service halfway through 1960.

Süd-West-Chemie GmbH, Neu-Ulm/Donau

Production of synthetic resins and plastic moulds continued to rise. The company began the manufacture of paper impregnated with synthetic resins for use in the building and furniture industries. Turnover was approximately one-third higher than in 1959.

Mannesmann-Plastic GmbH, Düsseldorf

The rapid upward trend continued in 1960. PVC tubes were particularly well received, and their production constituted 50 per cent of the total output, which itself nearly doubled during the year.

Owing to the rising demand for plastic tubes production installations are currently being extended.

C. Trade and Shipping

Turnover of the Mannesmann tube and steel

The following table gives details of MANNESMANN foreign production and trading companies during 1960:

	North America	South America	Other foreign countries	Total
Total sales (in DM '000).....	154,468	91,840	86,661	332,969
Labour force.....	516	3,914	1,385	5,815
Production capacity:				
Crude steel (in tons per year)....	—	110,000	—	110,000
Tubes (in tons per year).....	200,000	90,000	25,000	315,000

selling companies in Berlin, Düsseldorf, Frankfurt, Hamburg, Hanover, Munich and Nuremberg rose by 17 per cent during 1960. Tubes increased by 20 per cent, steel sheets by 10 per cent and rolled steel by 22 per cent over the previous year.

Mannesmann-Export GmbH, Düsseldorf

Turnover was higher than in the previous year although the rise was limited by supply difficulties.

The tube sector, with more than 60 per cent, again accounted for the major share of the total turnover.

D. Foreign Activities

Mannesmann Tube Co. Ltd., Sault Ste. Marie/Ontario (Canada)

Production continued to rise in the first half of 1960. Sales, however, fell below expectations. Oil companies reduced their development programmes owing to a world surplus of oil, and as a result the company's production dropped from 92,000 tons in 1959 to 75,000 tons in 1960. Some reduction in personnel and rationalisation of production helped to achieve stability.

Companhia Siderúrgica Mannesmann, Belo Horizonte (Brazil)

Crude steel output rose by 16 per cent to 111,000 metric tons, rolled steel production increased by 14 per cent to 107,000 metric tons, and tube production advanced by 5 per cent to 44,000 metric tons.

The company's turnover was 36 per cent higher than in 1959, and the order book was twice as large as at the end of 1959. The second tube pressing plant was commissioned in the spring of 1961 and is now working to capacity.

Companhia Siderúrgica São Caetano, São Paulo (Brazil)

Total output rose by 50 per cent to 15,700 metric tons. Main products are structural iron and high quality rolled steel.

Mannesmann Mineração SA, Nova Lima (Brazil)

Increased demand by *Companhia Siderúrgica Mannesmann* and ore deliveries to the Hückingen steel works resulted in more than double

COMPANY MEETING REPORTS

the previous output during 1960. 60,000 metric tons of high quality ore were delivered to Hückingen.

In 1960 the company took over *Mineração Serra do Curral SA*, Nova Lima.

Construções Tubulares Mannesmann SA, São Paulo (Brazil)

Progress was again satisfactory during the year. Orders were received for pylons in connection with the electrification of the railways, and considerable orders are also in hand from the motor vehicle industry.

Mannesmann-Sümerbank Boru Endüstriji TAS, Izmit (Turkey)

In 1960, following an adequate allocation of foreign currency for strip imports, tube output rose to 25,000 metric tons. As a result the factory worked to full capacity for the first time and turnover rose accordingly. Further expansion was delayed owing to changes in the political situation.

PERSONNEL

The number of people employed by Mannesmann AG and its German subsidiaries rose during the year, owing to the favourable employment position, and reached 76,721, an advance of 1,946. Employees abroad increased by 524 to a total of 5,815, bringing the Group total to 82,536.

The continuing shortage of labour caused the Company to employ an increasing number of foreign workers. This presented problems of housing and of general integration which were solved satisfactorily.

Voluntary social security expenditure totalled DM 114.5 million, representing 17 per cent of labour costs.

Further progress was made in housing schemes on which expenditure amounted to about DM 6.5 million. The number of dwellings completed was approximately 700, bringing the total of accommodation provided since the

THE ECONOMIST SEPTEMBER 16, 1961

Currency Reform to some 23,900 dwelling-units at a cost of approximately DM 162 million.

PROFIT AND DIVIDEND

Net profit for the year amounted to DM 80,964,508.84 which, added to the balance of DM 1,073,639.19 brought forward from the previous year, produced a total of DM 82,038,148.03 available for distribution. It was accordingly proposed to distribute a dividend of 14 per cent, equivalent to DM 81,110,118.60, and to carry forward the resulting balance of DM 928,029.43.

ANNUAL GENERAL MEETING

The report, the accounts, and the proposals put forward by the Board were adopted.

Copies of the Annual Report are now available in English and can be obtained from Mannex (London) Ltd., Universal House, 60, Buckingham Palace Road, London, S.W.1.

SUPERVISORY BOARD

(Aufsichtsrat)

Dr Wilhelm Zangen, Düsseldorf (Chairman); Professor Dr Karl Hax, Seeheim an der Bergstrasse (Deputy Chairman); Walter Arendt, Wattenscheid-Eppendorf; Franz Berensdorf, Duisburg-Hückingen; Ferry von Berghes, Eisenschmitt/Eifel; Dr Hans Constantin Boden, Frankfurt/Main; Professor Helmut Duvernell, Dortmund; Dr Dr Friedrich Haas, Berlin; Rudolf Hahn, Birmingham (UK); Dr Rolf Hanschmann, Essen-Bredene; Dr Paul Ferdinand Hast, Goslar; Rudolf Nungesser, Düsseldorf; Heinz Pohl, Düsseldorf; Bernhard Pott-hast, Wanne-Eickel; Dr Hans Reuter, Wittlaer near Düsseldorf; Professor Dr Carlo Schmid, Bonn; Dr Eduard von Schwartzkoppen, Falkenstein/Taunus; Dr Hermann von Siemens, Munich; Heinrich Sträter, Dortmund-Berg-hofen; Franz Heinrich Ulrich, Düsseldorf; Franz Westhoff, Düsseldorf.

BOARD OF DIRECTORS

(Vorstand)

Dr Hermann Winkhaus, Düsseldorf (Chairman); Hans J. Braune, Essen-Bredene; Dr Walther Eisenbraun, Düsseldorf; Peter Keller, Bad Schwalbach/Taunus; Adolf Klein, Ratingen near Düsseldorf; Heinrich Müller, Kettwig/Ruhr; Ulrich Petersen, Düsseldorf; Günter Vogelsang, Düsseldorf; Heinz Hufnagel, Düsseldorf (Deputy Member).

BALANCE SHEET AS AT 31st DECEMBER, 1960 (SUMMARY)

LIABILITIES	1960 DMm.	1959 DMm.	ASSETS	1960 DMm.	1959 DMm.
Capital.....	580	580	Fixed Assets including Assets in course of construction and Prepayments for capital additions.....	1,213	1,189
Statutory Reserve.....	65	77	Investments and interests in the nature of investments less capital not yet called up.....	302	286
Free Reserve.....	188	147	Long-term receivables less adjustments.....	208	163
Welfare Funds.....	2	2	Total long-term assets.....	1,723	1,638
Interests of Minority Shareholders.....	15	14	Stocks and Prepayments made less Prepayments received.....	513	425
Reserves for Special Purposes.....	156	162	Other medium-term and short-term current assets less adjustments.....	639	650
Adjustments (dwellings and ships).....	158	163		1,152	1,075
Provision for pensions.....	216	204			
Amount set aside towards the Capital Levy.....	60	60			
Other long-term provisions.....	85	42			
Long-term liabilities.....	393	387			
Proprietors' investment and long-term borrowings.....	1,918	1,838			
Medium-term and short-term liabilities and provisions.....	875	804			
Net Profit.....	82	71			
	957	875			
	2,875	2,713			

THE LUNGLA (SYLHET) TEA COMPANY LTD.

The sixty-seventh annual general meeting was held on September 12th in London, Mr J. McFarlane, MC (the chairman), presiding.

The following is an extract from his circulated statement: Stockholders who read my last statement would be prepared for a big falling away of crop compared with Season 1959 and the advice issued in February 1961 would give them a close idea of the final figures. The actual outturn proved to be 40,444 mds. as against an estimate of 54,950 mds. and a crop of 53,068 mds. for Season 1959.

Whilst the drought of record severity experienced during the first few months of the year was undoubtedly the main cause of the poor crop, hail damage at Shumshernugger was responsible, so it is estimated, for the loss of 420 mds. of tea at that division.

Trading profits fell from £212,389 for 1959 to £83,652 and the upshot was a net profit of £42,633 to which our subsidiary the Looksan Tea Co. Ltd., contributed only £625 by way of a Preference Dividend, whereas for 1959 the income from our subsidiary amounted to £25,115.

Crop prospects for the current Season are quite good but it is too early to say whether or not it is likely that we will make the estimated crops—54,200 mds. for the Lungla Company and 8,000 mds. for the Looksan Company. To August 31st the outturn was Lungla Company 29,890 mds., Looksan Company 4,540 mds., totalling 25,155 mds., which is 12,125 mds. ahead of last year.

The report was adopted.

WEST CUMBERLAND SILK MILLS LIMITED

The twenty-second annual general meeting of West Cumberland Silk Mills Limited was held on September 8th in London, The Rt Hon Lord Wilmot of Selmeiston, PC, JP (the Chairman), presiding.

The following is an extract from his circulated statement:

The main event in your Company's activities this year has been the decision to enter the field of Interior Decorating Fabrics.

Judging by the favourable reception, I feel that the expense involved is justified, and can be regarded as an investment, the benefits of which will not be seen until later.

We hope steadily to increase our business in this field and thus to achieve a diversification of our activities.

Trading conditions throughout the year were difficult, especially in some of our Main Export markets. Trade with Australia was adversely affected, not only by credit restrictions in that country, but mainly by large scale imports of Japanese fabrics, which enter Australia as freely as do British Textiles. Licensing has restricted exports to New Zealand, and this Commonwealth country is also importing more and more of its requirements from Japan. Whilst the volume of our production is fully up to last year, intense competition is affecting our profit margins. This fact coupled with the expenses in launching our Interior Decorating Fabrics may result in somewhat lower profit figures during the coming financial year.

The report and accounts were adopted and a dividend of 24 per cent, less tax, was approved.

Dalgety & Company Limited

New Zealand Loan & Mercantile Agency Company Limited

PROPOSED AMALGAMATION

The Directors of Dalgety & Company Limited ("Dalgety") and New Zealand Loan & Mercantile Agency Company Limited ("N.Z.L.") announce that they have agreed in principle to recommend that the two companies be amalgamated.

The Directors of both companies believe that the proposed amalgamation will be in the best interests of their shareholders and clients alike.

It is, of course, impossible precisely to estimate the financial benefit which should accrue from the amalgamation. However, it is considered that substantial economies will progressively become possible.

Both companies have played a significant role in the development of primary production in Australia and New Zealand and the proposed amalgamation is designed to serve the interest of clients to the best possible advantage. The business of each company with the primary producer will be integrated as soon as practicable, but clients are asked for the time being to continue to deal with their existing agent.

Both companies are fortunate in having a loyal and able staff upon which their success in the future, as in the past, will largely depend. The need for talented staff in the new amalgamation is likely to be greater, not less, than if the two companies continued in competition and, while the integration will probably involve changes in deployment, the interests of the staff of both companies will continue to be a major consideration of the amalgamated Board.

It is proposed that the two companies shall be amalgamated under the name "Dalgety & New Zealand Loan Limited" and the Board will be composed of members from the present Boards of each constituent company. The operation will be carried out by offers made by Dalgety to the shareholders of N.Z.L. as follows:—

1. Dalgety will offer 21 5/4 per cent. Cumulative Preference shares of £1 each for £20 N.Z.L. 5/4 per cent. Cumulative Preference stock.
2. Dalgety will offer 4 Ordinary shares of £1 each and 1 5/4 per cent. Cumulative Preference share of £1 for £4 Ordinary stock in N.Z.L.

These offers will be conditional upon acceptance in respect of 90 per cent. of the two classes of stock involved.

These terms have been recommended to both Boards as fair and reasonable by Lazard Brothers & Co., Limited who had been requested to make an independent proposal on behalf of both companies. The existing Dalgety Company is being used as the vehicle for the proposed amalgamation primarily from considerations of convenience and expense.

In order to facilitate complete integration of the two companies proposals will also be made to the holders of the 1st and 2nd Debenture Stocks of N.Z.L. to surrender their present holdings in exchange for Debenture Stock of Dalgety & New Zealand Loan Limited. The amalgamation will also be conditional upon the necessary consents of the Debenture stockholders of N.Z.L. to this exchange.

Full details of the financial proposals will be posted to the members of both companies and the Debenture stockholders of N.Z.L. within the next few weeks. Clients and staff will be kept advised from time to time of any organisational changes that may affect them. These changes will be gradual and become effective in some localities sooner than in others. It will be the object to cause as little disturbance and as much benefit as possible to clients and staff of both companies.

THE PURNELL GROUP (Printing, Packaging & Publishing)

WATERLOWS OPERATING PROFITABLY SUCCESS OF NEW PUBLICATION

The Twenty-seventh Ordinary General Meeting of Purnell & Sons Limited will be held on September 29th in London.

The following is the circulated statement of the Chairman and Managing Director, Mr W. Harvey:

You will observe from the Consolidated Profit & Loss Account that the profit of the Group for the year before providing for taxation is £762,642, being an increase over the previous year of £27,053. After providing for taxation the balance of profit for the year is £377,948, showing an increase over the previous year of £14,909.

In these Accounts it was the intention of your Directors to declare a dividend in excess of the previous year's distribution, but having regard to the Chancellor of the Exchequer's request we have decided to recommend the same final dividend. At the same time we wish to point out to our Shareholders that, as soon as the Chancellor can see his way clear to relax the present conditions, we propose when considering our dividend policy in the future to take into consideration that we have a balance on Profit & Loss Account of £898,856, and we will feel justified in recommending an increased dividend.

In my review of the Accounts for the year to 31st December 1958 I pointed out that our Fixed Assets were greatly in excess of the figure shown in the Balance Sheet, and this is now so to an even greater extent in view of the fact that we have taken a larger share interest in some of our Subsidiary Companies whose Fixed Assets are also of greater value than the figures which appear in their Balance Sheets.

WATERLOW & SONS LIMITED

You will remember that during 1960 we were successful in securing control of Waterlow & Sons Ltd. At that time we had voting control only through the Preference and Preferred Ordinary Shares in that Company. I am pleased to be able to report that we now hold a much larger proportion of the Deferred Ordinary Shares. As has been reported, Waterlow & Sons Ltd. made a loss for the year to 31st December last, and we are not, therefore, able to enjoy any profit from this Company in the account now before you. I am happy to report, however, that since we became interested in this Company and placed behind it the experience of our organization, its trading conditions have improved, and it is now operating on a profitable basis. We hope to include a substantial profit in respect of your Company's interests in Waterlow & Sons Ltd. in the Consolidated Accounts for 1961.

I have to report that before the Chancellor of the Exchequer introduced his interim budget we had committed ourselves to a large capital programme within this Group for our expanding Packaging, Photogravure and Rotary-Litho Divisions. Considerable improvements have in recent times taken place in printing-machinery construction, and you have always supported your Directors in their view that this Company should be in the forefront with such developments. To finance this programme we propose, at an appropriate time, to raise further capital, and when this is done, whether in the form of

COMPANY MEETING REPORTS

a Rights Issue or Loan Stock with Conversion Rights, such additional capital will be offered in the first instance to our shareholders.

During the year we decided to launch a weekly magazine for children, printed in colour by lithography, and the first number of *Knowledge* was launched in January 1961 with the support of a most distinguished advisory editorial board. That there was a need for this unique venture in educational publishing, presented in a manner to stimulate the interests of boys and girls, has been proved by its success. The magazine, which is designed to grow into an encyclopaedia, has been welcomed widely by parents and teachers and has added considerably to our publishing goodwill.

CURRENT TRADING POSITION

You will wish, I am sure, to know the position of our trading during the present year, and I am glad to be able to report that the trading of the Group for the current year is in excess of the corresponding period of 1960. We have, however, now to meet immediately very much greater direct labour costs in consequence of national agreements with the unions associated with the printing industry which were negotiated before the Government's recent economic measures. It remains to be seen how far the additional costs can be met by more efficient production methods, which is the constant aim of the Company's management. The rate of increase of direct wages in recent years, and the extent of the capital equipment taking place in European countries, underline most emphatically the importance of ensuring that the Company's plant and methods of production are completely up-to-date.

I wish to pay tribute to my colleagues on the Board, all of whom are full-time executives, and to express my thanks once again to the staff and all our employees for their services and co-operation. It has been a period in which they have been called upon to assist with success from their wide experience gained in our own organization in widening fields of printing and publishing.

THE STRAITS PLANTATIONS, LTD.

Directors: Sir Eric Macfadyen (Chairman), H. B. E. Hake, CBE, W. E. Wallis, Major V. N. B. Were, J. F. E. Gilchrist, OBE.

Summary of the Directors' Report and circulated statement of the Chairman for the year ended March 31st, 1961.

OUTPUTS		NET PRICES	
	(Previous year)		(Previous year)
Copra	8,264 tons (7,894)	£60 1s. 2d. per ton	(£77 3s. 0d.)
Palm Oil	3,958 tons (3,736)	£71 3s. 0d. per ton	(£77 6s. 10d.)
Palm Kernels	1,206 tons (1,137)	£41 11s. 5d. per ton	(£53 2s. 10d.)

PROFIT AND DIVIDEND: The profit before tax was £377,149 compared with £480,252 last year. A final dividend of 14 per cent is recommended, making a total of 21 per cent for the year.

ESTATES: The estates were maintained in good order. 520 acres of oil palms and 46 acres of coconuts were planted or replanted during the year.

CURRENT FINANCIAL YEAR: Apart from unpredictable political and other factors, the Chairman anticipates approximately similar results.

The Sixty-second Annual General Meeting will be held at 12 noon on September 29th at 1-4, Great Tower Street, London, E.C.3.

(The Company's shares are quoted in Stock Exchange lists under "Rubber.")

THE ECONOMIST SEPTEMBER 16, 1961

AMALGAMATED ANTHRACITE HOLDINGS

MR JOHN WADDELL REPORTS

RECORD PROFITS

The Thirty-seventh Annual General Meeting of Amalgamated Anthracite Holdings Limited was held on September 13th in London, Mr John Waddell, the chairman, presiding.

The following is an extract from his circulated statement:

Our trading activities are reflected in the results of our wholly owned subsidiary company, The British Anthracite Company Limited. The trading profit for the year totalled approximately £1,025,000 compared with £705,000 in the previous year. The Board are recommending a dividend of 16 per cent.

I mentioned in my last year's statement the predictions of an improved picture at the end of 1960, and scope for an increased dividend distribution. I think I can say that these predictions have been justified and we have come out with record profits for the year.

Our Coal and Transport activities generally showed an improvement and a steady holding up in turnover.

Our Engineering Companies also did better, although both heavy and light engineering had a thin year, and in certain cases involved us in losses. This situation has been slow to improve, but it is now in better shape.

For the first half of 1961 we have more than maintained our position and shown a moderate expansion in profits. The benefit of the better order books of some of our Engineering Companies should bring about further improvements in the second half of 1961. I look to a progressive future with confidence.

The report and accounts were adopted.

THE ECONOMIST SEPTEMBER 16, 1961

STEVINSON, HARDY & CO., LIMITED

(Oil Importers and Distributors, Tanker Agents and Charterers)

INCREASED TURNOVER BUT LOWER MARGINS

The twenty-fourth ordinary general meeting of Stevinson, Hardy & Co. Limited was held on September 7th in London, Mr H. L. Stevinson (chairman and joint managing director) presiding.

The following is an extract from his circulated statement:

The Group Profit for the twelve months ended March 31, 1961 amounted to £428,912 compared with £466,028 for the previous twelve months; in the latter you will remember we included a figure of £63,772 for profits not strictly earned during that year. In effect the true comparison should be with £402,256.

The tax position of the Group is still affected by the impact of the Investment Allowance on the new tanker and, depending on the profits of the Group, will be so for one or more years. The final cost of the "EDWARD STEVINSON" is £3,240,000 approximately.

On February 27th we took delivery of the "EDWARD STEVINSON," which was a few months later than anticipated, and she commenced trading on February 28th on behalf of Stevinson Hardy (Tankers) Ltd., the company we formed to operate her, so you will realise that apart from the management and other remuneration her operations have had little effect on the current year.

Turning to our usual review of the activities of the Company, our experiences have been very similar to those of several of the large oil companies and other concerns, namely, satisfactorily increased turnover which is barely big enough to compensate for the lower margins under which we have had to work.

Contrary to my forecast last year, we were surprised and very disappointed at the tax imposed on fuel oils in the last Budget. A tax of this magnitude, £2 per ton, is bound to have an effect on manufacturing costs and in our opinion it is bound to slow down the increase in consumption that the oil trade has been confidently expecting.

The Chartering Department on a flat market that was no more cheerful than the previous year did well to hold its own, but it does not appear likely for some time that the return of profitable rates for ship owners and consequently higher brokerages will be secured.

Our general international Trading Department and the Bunkering Department both improved their figures, the former being the more successful, but both can be regarded with confidence as regular contributors to the Group Profit.

As regards the current year, the start has been good. It is impossible to estimate how far the trend of lower margins will develop, particularly on the distribution side. The Board look forward to current and future years with reasonable confidence that your Company will be able to maintain its position.

The report was adopted.

COMPANY MEETING REPORTS

COMPAGNIE FRANÇAISE DES PETROLES

(French Petroleum Company)

PARIS

The Annual General Meeting of COMPAGNIE FRANÇAISE DES PETROLES was held in Paris on June 23rd, and the following are details of the statement made by Monsieur Victor de Metz, Chairman of the Board of Directors, and a summary of the annual report:

MONSIEUR VICTOR DE METZ

After reviewing the progress made during the first three months of the current year, when CFP handled 4.8 million tons of oil, representing an increase of 9 per cent over the same period in 1960, Monsieur de Metz spoke of the problems arising out of the entry of the USSR into the world oil market. He said: "In our opinion, it would be a very short-sighted policy if the Western consumers allowed those countries which are our traditional suppliers to be weakened, in order to benefit from the artificial advantages to be derived today from the purchase of Russian oil."

The Chairman also gave some information on the deposits recently discovered in the Persian Gulf at Murban, by *Petroleum Development (Trucial Coast) Limited*, in which CFP has a 23.75 per cent interest, and at Umm Shaif by *Abu Dhabi Marine Areas Limited*, in which CFP has a one-third interest. Recoverable reserves are estimated at some 500 million tons and should contribute some 4 million to 5 million tons per year to CFP's supplies in the near future.

He concluded: "Finally, the diversity of the Company's outlets, which are to be found in continents and countries as far apart as Australia, Japan, Africa, Europe and parts of America, constitutes a safeguard against a serious market depression."

Of course, much work remains to be done, but in spite of current difficulties, we look to the future with confidence and optimism."

The following are details from the Annual Report:

REVIEW

As output of Middle East oil continued to rise, the share of CFP also increased; it obtained 14,216,000 metric tons through its participations of 23.35 per cent in the *Iraq Petroleum Company Limited* and associated companies, and of 6 per cent in the *Iranian Consortium*.

Much development work, including the sinking of new wells and the laying of pipelines as well as the erection of storage installations, continued in Iraq, Qatar and Iran.

In North Africa, through its controlling interest in CFP(A), CFP obtained 3,200,000 metric tons of crude from Hassi-Messaoud.

In Libya, exploration carried out near the Tunisian border by *Compagnie des Petroles Total Libye*, a CFP subsidiary, resulted in a recent discovery on which further testing is now in progress.

Despite conditions which prevented Western Canadian deposits from being operated at capacity, output of the *French Petroleum Company of Canada* showed an increase of 20 per cent over the 1959 figure. The Canadian

Government's policy in regard to the oil industry favours an appreciable increase in production during the years to come, and CFP's Canadian subsidiary will not fail to take full advantage of improved conditions.

Refineries operated by subsidiary companies in France and Italy all recorded results in excess of the previous year's figures; in France, output from *Compagnie Française de Raffinage* refineries was 8,460,000 metric tons, most of which was sold on the French and Algerian markets. Sales of refined products abroad, including bunkering supplies and aviation spirit, amounted to 4,906,000 metric tons.

The Company continued to develop foreign marketing networks through subsidiary sales companies. The first "TOTAL" filling stations were opened in Great Britain.

CFP sales of crude oil to companies outside the Group showed an appreciable increase over 1959.

PROFIT AND DIVIDEND

Net profit of CFP alone amounted to NF.104,206,070.62 and after sundry provisions, including the allocation of NF.51,725,673.41 to the Contingency Fund, it was decided to distribute NF.46,058,040 in the form of a gross dividend of NF.6 per share of NF.50, equivalent to last year but in respect of a share capital increased by 5 per cent.

SUBSCRIPTIONS

TO

THE ECONOMIST

Annual Postal Subscription by ordinary mail

UK and Canada £4. 10;

elsewhere overseas £5

By air see below

Subscriptions to many countries can be sent either by direct second-class airmail or in bulk by air freight for onward posting from central distribution points. Airmail is invariably more expensive but usually quicker by about 24/48 hours. Where only one service is shown this is because the alternative is either not available or not recommended.

Airmail	Air Freight	Airmail	Air Freight
Australia £10 6s.	—	Iran & Iraq £7 15s.	—
Canada —	—	Israel —	—
Quebec —	—	Japan —	—
Ont. —	£8 5s.	Jordan —	—
Other —	£9 0s.	Lebanon —	—
prov. —	£7 5s.	Malaya —	—
Ceylon —	£9 0s.	N. Zealand £10 6s.	—
China —	£10 6s.	Nigeria —	—
East Africa —	£9 0s.	Pakistan —	—
Egypt —	£7 15s.	Philippines £10 6s.	—
Europe —	£6 0s.	Rhodesia —	—
Ghana —	£9 0s.	S. Africa —	—
Gibraltar —	£6 10s.	S. America —	—
Malta —	£5 0s.	Sth. Cen. —	—
Hongkong —	£8 15s.	USA —	—
India —	£7 10s.	W. Indies —	—
Indonesia —	£9 0s.		

per cent dividend forecast for BEI is being paid. Even so, the dividend is short earned, as earnings, before taking account of exceptional credits, amount to no more than

	Pye		E. K. Cole		British Electronic
Years to March 31	1960	1961	1960	1961	1961
	£'000s	£'000s	£'000s	£'000s	£'000s
Gross profit	2,424	1,474	675	Dr. 665	727
UK Tax	1,003	246	360	Cr. 228	18
Overseas Tax	34	217	—	—	217
Net profit	1,391	860	314	Dr. 438	342
Exceptional credits	73	172	96	82	254
Preference div.	75	75	20	—	98
Ordinary div.	476	665	160	—	660
After outside shareholders interests in subsidiaries of £151,000.					

5½ per cent. Whether the directors' decision to pay the forecast dividend means that they see a break in the dark clouds overhanging the industry will be clearer after Mr Stanley makes his statement ; but immediately this decision certainly cushioned the fall in the price of the 5s. shares. They have been a weak market for some months and at 10s. 10½d., down 6d. since the results were announced, they yield just under 7 per cent.

Fitch Lovell

PRACTICALLY every aspect of the whole-sale and retail provisions business is conducted by Fitch Lovell, and the group has grown rapidly in the last few years. Turnover rose by £10 million to over £100 million in 1960-61 ; but gross profits earned from these sales amounted to not much more than £1.4 million and the directors were content to leave the dividend rate of 15 per cent and tax-free capital bonus of one per cent unchanged on the capital as increased by the one-for-four rights issue. This is not surprising, for, as the chairman, Sir Ambrose Keevil, says, the development of the group's factories and the modernisation and extension of its retail outlets and overseas interests has involved substantial capital outlays, reflected in part in the net overdraft of £1.5 million. Sir Ambrose hopes that benefits from the capital outlays will appear in the future ; the gross return on capital employed has fallen from 26.0 per cent in 1958-59, through 19.2 per cent, to 16.5 per cent in 1960-61.

This is common throughout the provisions business and it is the direct outcome of the fierce nature of the competition. Like the other big groups, Fitch Lovell has had to adapt its policies to pre-packaging, quick freezing, wholesale distribution through voluntary chains, self-service stores, supermarkets and discount shops. Like them, it has had to spend money on its factories ; to add to the number of its retail outlets ; and to convert some of its stores to self-service or supermarkets, of which it now has 56 in operation and plans to have another 52 by the end of 1962. Sir Ambrose quotes a "recent responsible research" estimate as saying that by 1965 about half the groceries in this country will be sold in self-service stores and supermarkets but that afterwards the trend may change. To secure any increase in sales and profits, as Fitch Lovell did in the first quarter of the current financial year, the big grocers have to follow the trend towards self-service. This often

leaves them short of liquid resources and it is not surprising that Fitch Lovell is yet another group taking advice on the "development potentialities and values" of its properties. In view of the declining return on capital outlays so far, it is just as well that investors have never attributed the same dynamic qualities to Fitch Lovell's 2s. 6d. shares, which at 11s. yield 3½ per cent, covered 2¼ times, as they have to some highly glamorous "supermarket" equities.

Doom Dooma Tea

STOCKHOLDERS in Doom Dooma should be grateful for Brooke Bond's offer of 45s. each for their units, not because the bid was exciting in terms of asset values but because it has stirred the Doom Dooma directors into positive action. The directors confess that hitherto they had not given any consideration to the possible realisation of assets ; but in the circumstances now prevailing "they feel it is their duty to consider any proposition which might obtain for stockholders a higher price than that offered by Brooke Bond." They have, in fact, received an offer in cash from Indian interests for three of the five Doom Dooma estates which (as the directors do not anticipate that the Reserve Bank will block the remittance) should make possible the distribution of 35s. per stock unit. The estimated value of the other assets is put at 45s. per unit, compared with a market price which rose from 43s. to 47s. this week. Whether the other assets could be realised at this price is still a matter of conjecture, but in the circumstances stockholders must turn Brooke Bond's present offer down.

Cyril Lord

THE prospects of Cyril Lord emerging successfully from the difficulties of recent years have already been enhanced by the bright start made by the carpet group, now fully integrated into the Cyril Lord group, and they should be further strengthened by the link up with Burlington Industries of the United States. Treasury consent has been given for Burlington to make a £1 million five-year loan to Cyril Lord ; the loan will be partly convertible into ordinary shares. So far public interest in Cyril Lord is confined to the 6½ per cent redeemable preference shares, since all the £1 million ordinary capital is held by Mr Cyril Lord and Mr W. H. McMillan, the deputy managing director. No details have been given of the conversion rights attaching to the loans, but it seems likely that Burlington will take the opportunity to acquire a sizeable stake in the equity. Three of its directors are joining the Cyril Lord board.

Burlington is the world's biggest textile manufacturer, with sales of over £300 million, and Cyril Lord should gain not only from the exchange of technical information, but it should be well placed with its partner to compete in the common market. A more immediate benefit is the easing of the group's financial problems.

London Stock Exchange

FIRST DEALINGS :	Aug. 21	Sept. 4	Sept. 18
LAST DEALINGS :	Sept. 1	Sept. 15	Sept. 29
ACCOUNT DAY :	Sept. 12	Sept. 26	Oct. 10

OVER the week to Wednesday's close, the London stock market was once again in a quiet mood. Before the weekend, prices of industrial equities were firm, largely reflecting Wall Street's rise to a new peak on Thursday, and there was some small-scale investment and trustee buying. This firmness, however, was not maintained after the weekend, when a combination of small sales, a reduction of investment demand and the reaction on Wall Street, led to small losses in almost all sections. As a result, *The Economist* Indicator showed a net fall of 7.3 points to 363.4 over the week to Wednesday's close. The few notable price changes of the week were mostly the result of company announcements.

Gilt-edged stocks have also been idle. Short and medium-dated maturities were helped by some pension fund investment ; Conversion 4½ per cent 1962 gained 1/16 to 99 5/16 and Conversion 5¼ per cent 1974 gained ½ to 89½. Funding 5½ per cent 1982-84 gained 5/16 to 89½, but most long dated and irredeemable stocks were slightly lower and War Loan 3½ per cent lost 3/16 to 53½ over the week.

Bank and hire-purchase shares generally shed a few pence over the week and UDT lost 3s. 9d. to 137s. 6d. Brewery and associated issues showed irregular movements ; the merger news resulted in Showerings gaining 1s. 6d. to 18s. 6d. while Vine Products lost 1s. 6d. to 22s. 3d.xd. In chemical shares ICI lost 2s. 10½d. to 66s. 1½d., but Fisons gained 1s. 3d. to 38s. Following the chairman's statement, GEC made a net loss of 2s. 3d. to 29s. Other electrical shares were also lower, and British Electronic Industries lost 7½d. to 10s. 9d. following its poor results. Among stores shares GUS "A" were firm after an encouraging chairman's statement and gained 1½d. to 49s. 10½d.xd, but Marks and Spencer "A" lost 3s. to 100s. Motor and steel shares followed the general trend, Leyland losing 10½d. to 88s. 4½d. and Stewarts and Lloyds 9d. to 42s. 4½d. Shipping shares were also mixed with Cunard gaining 6d. to 15s. while Furness Withy fell by 1s. 3d. to 36s. 3d. Oil shares have been overshadowed by the uncertain outcome of negotiations between Iraq Petroleum and the Iraq Government, and Shell lost 2s. 3d. to 114s., but British Petroleum gained 3d. to 45s. Property shares were better than most, and City of London Real Property gained 1s. 6d. to 73s. 9d. Paper shares were generally dull ; Bowater continued to drift lower, losing 1s. 9d. to 48s. 9d. British Match reacted still further, losing 4s. 6d. to 32s.

Tin shares followed the fluctuations in the metal price, and consequently suffered a fresh setback on Monday, but improved later in the week. Tronoh gained 1s. to 68s. 6d. xd, partly on the news of its scrip issue.

YORK STOCKS

Prices, 1961		Last Two Dividends (a) (b) (c)		ORDINARY STOCKS		Price, Sept. 6, 1961	Price, Sept. 13, 1961	Yield, Sept. 13, 1961	Cover	Prices, 1961		Last Two Dividends (a) (b) (c)		ORDINARY STOCKS		Price, Sept. 6, 1961	Price, Sept. 13, 1961	Yield, Sept. 13, 1961	Cover
High	Low									High	Low								
FOOD & TOBACCO																			
34/-	17/6	10 c	10 c	Allied Suppliers	10/-	17/7 1/2	17/7 1/2	5.67	2 1/4	62/-	43/-	%	%	Assoc. British Picture	5/-	49/3	48/3	6.22	2 3/4
7/9 3/4	10 c	10 c	12 1/2 b	Assoc. British Foods	1/-	11/9	11/5	1.96	2	34/6	26/9	20 a	60 b	Assoc. Television 'A'	5/-	30/10 1/2	30/4 1/2	9.88	1 3/4
55/-	4 a	8 b		Bovril	1/-	60/-	60/-	4.00	2 1/2	51/9	41/4 1/4	16 a	14 b	Beecham Group	5/-	49/-	45/9	3.03	1 3/4
11/9	147/10 b	12 1/2	12 1/2	Brooke Bond 'B'	5/-	13/6	13/-	4.18	3 1/4	54/3	32/-	31 a	64 b	British Match	1/-	36/6	32/-	6.25	2
12/10 1/2	2 1/2	10 b	10 b	International Tea	5/-	14/-	14/-	4.46	1 1/2	28/12	17/6	63 b	4 a	British Oxygen	5/-	18/5	18/5	2.22	2 1/2
67/7 1/2	5 a	10 1/2 b		J. Lyons 'A'	10/-	68/-	67/6	4.69	1 1/4	7/8	8/7 1/2	7	7	British Ropes	8/-	8/10 1/2	8/10 1/2	5.63	2 1/2
25/9	2 1/2	5 a	5 a	Ranks	10/-	28/-	28/-	5.00	2	70/-	51/-	71 1/2 b	15 b	De La Rue	10/-	53/-	53/6	4.21	2
43/10 1/2	2 1/2	7 1/2 b	7 1/2 b	Spillers	5/-	11/6	11/4 1/2	4.40	2	50/9	53/6	6 a	14 b	Gestetner 'A'	5/-	37/-	38/-	2.63	3 1/4
43/11 1/2	9 b	3 a		Tate & Lyle	5/-	46/12 1/2	47/10 1/2	5.01	2	73/9	51/9	14.4 c	6	Glaxo	10/-	59/6	58/3	2.58	3 1/4
30/10 1/2	15/10 1/2	5 a	9 b	Unigate	5/-	16/11 1/2	15/10 1/2	4.41	2	57/6	47/6	12 b	3 a	Harrisons & Cr. Delf.	1/-	48/9	48/9	0.15	2 3/4
62/-	12 1/2 c	11 1/2 a	11 1/2 a	Brit. Amer. Tobac.	10/-	66/-	64/9	5.46	2 3/4	55/6	35/6	10	3 a	Hoover 'A'	5/-	41/3	42/6	5.29	2 1/4
40/-	5 a	15 b		Gallaher	10/-	41/4 1/2	41/7 1/2	4.80	2	28/10	20/3	12 1/2 b	5 a	Ilford	5/-	20/6	20/6	4.77	2 1/4
61/6	65/3	14 b	8 1/2 a	Imperial Tobacco	1/-	70/-	69/-	6.52	1 3/4	107/3	51/7 1/2	71 1/2 c	12 1/2 c	National Canning	1/-	50/-	49/9	5.13	1 1/4
INSURANCE																			
51/-	11 1/2 b	15 1/2 b	15 1/2 b	Britannic	5/-	13	12 3/4	3.36	...	30/3	29/6	6 a	10 b	Powell Duffryn	10/-	35/6	35/3	4.54	2 1/4
36/3	61/3	20	25 b	Commercial Union	5/-	67/3	64/-	3.52	...	37/3	24/7 1/2	15 b	5 a	Radio Rentals	5/-	26/11 1/2	25/7 1/2	3.90	3
12	17 1/2	14 1/2	14 1/2	Equity & Law Life	8/-	28/8	27/8	1.03	...	43/6	18/9	71 1/2 a	15 b	Rank Organisation	5/-	25/-	25/-	4.50	2 1/2
106/9	103/9	20	40 b	General Accident	5/-	150/-	153/6	2.95	...	39/-	27/6	22 c	25 c	Schweppes	5/-	35/-	35/-	3.43	1 3/4
42/7 1/2	35	40	10 b	Guardian	5/-	54/9	52/6	1.51	...	28/4 1/2	15/1	8 a	11 b	Sears 'A'	5/-	5/3	5/3	33 1/2	2 1/2
19/12	23 1/4	80	110 b	Legal & General	5/-	31/2	31/2	3.08	...	78/-	55/-	12 c	4 a	Thomas Tilling	4/-	24/6 1/2	22/9 1/2	3.52	2
100/7 1/2	81/-	11 1/2 b		Northern & Empli.	1/-	132/3	130/-	3.08	...	166/6	130/-	9 04/20	15.5 b	Turner & Newall	1/-	63/3	63/4 1/2	3.79	2 1/4
156/3	170 b	120 a		Pearl	5/-	223/9*	217/6	3.38	...	111 1/2	83 1/8	8 a	13 b	Unilever	5/-	143/3	142/3	3.45	3 1/4
19	18	183 1/2 c	1208 1/2 c	Prudential 'A'	4/-	23 3/4	23 3/4	2.93	...	22/6	16/-	10	3 a	Unilever N.V.	12 1/2	87 1/8	9	2.76	3 1/4
12/-	140/9	50	50 b	Royal	5/-	158/-	154/6	3.24	...	42/11 1/2	31/10	14 b	5 a	United Glass	5/-	17 1/8	16 1/8	4.55	2 1/4
19/3	104/6	11 1/4 b	7 1/2 a	Royal Exchange	1/-	109/6	105/-	3.57	...			10 1/2 a	10 1/2 a	United Molasses	10/-	31/7 1/2	31/9	7.71	1
MOTORS & AIRCRAFT																			
8/10 1/2	13/6 1/2	12 1/2 b	7 1/2 a	British Motor	5/-	13/6 1/2	13/3	7.55	2 1/2	46/3	36/-	6 1/2 a	13 1/2 b	Brit. & Corn'wealth	10/-	36/6	36/6	5.48	2
66/11 1/2	20 c	20 c		Jaguar Cars 'A'	5/-	80/4 1/2	80/-	1.25	7 3/4	20/-	13/9	8 c	7 c	Cunard	5/-	19/6	19/6	8.00	1 1/2
108/6	108/10 1/2	21 1/2	8 1/2 b	Rolls-Royce	1/-	46/6	45/4 1/2	4.85	2 1/2	24/9	20/3	7 c	7 c	France Fenwick	10/-	21/-	20/3	6.91	1 1/2
6/10 1/2	12 c	12 c		Royce Motors 'A'	4/-	6/9	6/4 1/2	7.53	5 1/4	50/6	36/3	10 c	10 c	Furness Withy	10/-	37/6	36/3	5.52	1
38/9	52/3 1/2	15 b	7 1/2 a	A.C.V.	5/-	74/3	74/3	4.31*	2 1/2	15/-	10/6	7 1/2 a	10 a	London & Overseas	5/-	11/3	11/3	7.95	1
79/13 1/2	14/-	31 a	20 c	British Motor	10/-	89/3	88/4 1/2	4.53	2 1/2	48/6	34/10 1/2	3 a	8 b	P & O Delf.	10/-	36/7 1/2	36/11 1/2	6.09	1
11/3	28/11 1/2	10 a	5 b	Armstrong-Whitworth	10/-	16/11 1/2	15/9	7.94	2 1/2	17/9	12/-	2 1/2	2 1/2	Readson Smith	10/-	13/4 1/2	13/11 1/2	1.90	...
31/9	31/9	14 a	15 1/2 b	Hawker Siddeley	10/-	30/7 1/2	30/11 1/2	7.04*	1 1/2	25/-	13/7 1/2	8 c	5 c	Royal Mail	10/-	14/11 1/2	13/7 1/2	7.34	...
21/6	21/6	3 1/2 a	12 1/2 b	Dowty Group	10/-	33/7 1/2	34/-	4.56	2 1/4										
18/13	18/13	3 1/2 a	12 1/2 b	Dunlop Rubber	10/-	26/6	26/3	6.03	2										
72/-	52/-	11 1/4 b	2 1/2 a	Joseph Lucas	10/-	53/9	53/9	5.12	3	74/10 1/2	54/6	6 a	10 b	Colvilles	10/-	55/7 1/2	53/4 1/2	6.00	4 1/2
3/3	19/9	9 a	21 b	Pressed Steel	5/-	21/-	20/9	7.59	1 1/4	49/10 1/2	31/9	7 1/2 b	3 1/2 a	Dorman Long	10/-	30/4 1/2	28/10 1/2	6.93	2 1/2
16/3	30/-	15 c	12 1/2 c	Triplex Holdings	10/-	31/-	30/6	4.10	2	42/-	28/-	8 b	4 a	Lancashire Steel	10/-	32/6	32/-	6.88	3 1/2
MINES																			
8/9	110/-	40 a	50 b	Anglo-American	10/-	128/11 1/2	126/3	7.13	1 1/2	47/8 1/4	34/7 1/2	7 1/2 b	5 a	Steel Co. of Wales	10/-	37/11 1/2	35/4 1/2	7.07	2 3/4
7/3	43/-	18 1/2 b	6 1/4 a	Consolid. Gold Fields	1/-	50/9	49/9	10.05	2	68/7 1/2	43/11 1/2	9 b	6 a	Stewarts & Lloyds	10/-	43/11 1/2	42/4 1/2	7.08	3 1/2
18/9	72/6	15 a	20 b	General Mining	1/-	82/6	81/3	8.62	2	55/7 1/2	38/-	12 b	4.8a	John Summers	10/-	43/7 1/2	44/6	5.79*	3
STEEL																			

[illegible]

37/6	34/7	12.20	10.80	Burmah Oil	20/6
2/-	37/-	6 1/4 a	13 3/4 b	Castrol	10/6
151	6125	12.22	12.64	Esso	20/6

19/7/1	108/9	181½	112½	Shell Transport	£116/3	114/-	5/9/	3	36/-	22/3	2 a	4 b	Land Securities.....	10/-	29/6	30/-	2-00	1		
24/3	24/3	...	...	Ultramar	£10/-	25/9*	25/6*	...	d	3	39/6	26/9	10½ c	121½ c	28/6	30/-	4-03	1		
PAPER & NEWSPAPERS																				
4/7/1	9/10½	8 b	5 a	Daily Mirror	£5/-	12/4½	12/1½	6-19**	1¼	2	46/6	40/6	12½ a	125 a	Cons. Tea & Lands	£146/-	46/-	19-52	1	
1/1	57/6	4 a	8 b	W. H. Smith & Son 'A'	£161/-	59/6	4-03	2	2	2	46/6	40/6	12½ a	125 a	Jokai (Assam)	£131/6	31/9	12-34	1	
6/3	48/9	8½ b	5 a	Bowater Paper	£150/6	48/9	5-64	1½	1	1	2	33/6	28/9	19 b	125 a	Nuwara Eliya	£18/9	9/-	12-34	2
6/6	44/-	9 a	7 b	Albert E. Reed	£148/-	47/-	6-81	1½	1	2	11/-	8/6	11½ a	29½ b	Highlands & Lowland	£15/10½	5/7½	14-81	1½	
4/6	37/6	4 a	8½ b	Spicers	£142/9	42/3	5-92	1½	2	2	6/10½	5/2½	10 a	35 b	London Asiatic	£26/-	5/10½	15-32	2	
8/10/1	17/9	...	...	Thomson Org'n	£116/3	16/3	6-67*	5-14	2	2	7/4½	5/6	12½ a	37½ b	United Sui Betong	£185/6	83/9	11-94	1½	
8/9	50/6	4 a	10 b	Wiggins Teape	£154/9	54/6	5-14	2	2	2	93/-	77/-	12½ a	37½ b	United Sui Betong	£185/6	83/9	11-94	1½	

The Economist Indicator (1953=100)																		
1961	Indicator	Yield %		1961														
Aug. 9	377.2	4.90																
" 16	369.2	5.01		High		Low												
" 23	366.0	5.05		427.2		359.4												
" 30	366.4	5.03		(May 10)		(Jan. 4)												
Sept. 6	370.7	5.00																
13	363.4	5.10																

"THE ECONOMIST" ORDINARY SHARE INDICATOR

1953=100

THE YIELD GAP

2½% CONSOLS

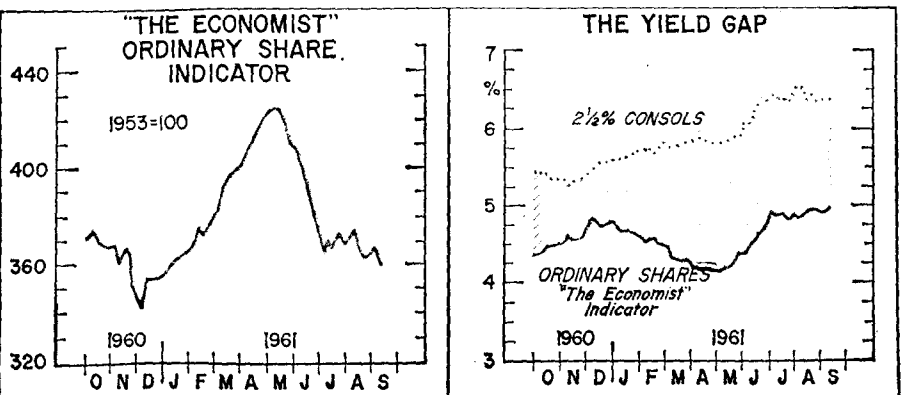
Financial Times Indic

1961	Index †	Ord. Yield	Fixed Int. ‡	2½% Consols Yield	Bargains Marked
Sept. 7	313.7	5.03	81.54	6.47	9,716
" 8	313.3	5.04	81.55	6.47	9,822
" 11	310.3	5.08	81.57	6.47	10,750
" 12	308.4	5.12	81.56	6.47	9,872
" 13	307.5	5.13	81.55	6.48	8,951

High, 365.7 (May 15), Low, 301.4 (July 17).
 † July 1, 1935=100. ‡ 1928=100.

ORDINARY SHARES
"The Economist"
 Indicator

Yields based on assumed dividends:—A.C.V., 16%. Bass, Mitchells & B., 11%. Calico Printers, 20%. City & Centre Props., 25½%. Coats, Patons & B., 12½%. Daily Mirror, 15%. Glaxo, 15%. Guardian, 26½%. Guinness, 10%. J. & R. Siddle, 10·6½%. Ind Coope, T.A., 12% on merger terms. Lloyds Bank, 10½%. Midland Bank, 15%. Thomson Organisation, 24%. United Steel, 12·3%. Woodall-Duckham, 21%.



Money and Exchanges

EXCHEQUER RETURNS

For the week ended September 9, 1961, there was an "above-line" deficit (after allowing for sinking funds) of £6,655,000 compared with a deficit of £17,299,000 in the previous week and a deficit of £25,003,000 in the corresponding period of last year. There was a net deficit "below-line" of £11,804,000 leaving a total cumulative deficit to date of £461,142,000 compared with £511,104,000 in 1960-61.

£'000	Estimate 1961-62	April 1, 1960, to Sept. 10, 1960	April 1, 1961, to Sept. 9, 1961	Week ended Sept. 10, 1960	Week ended Sept. 9, 1961
Ordinary Revenue					
Income Tax	2,728,500	604,144	704,802	14,671	24,076
Surplus	210,000	33,200	39,500	900	900
Death Duties	240,000	99,000	117,900	3,300	3,400
Stamps	94,000	39,500	47,400	1,700	1,400
Profits tax, EPT and EPL	325,500	121,300	148,100	6,800	6,300
Other Inland Rev. Duties	...	50	...	...	...
Total Inland Rev.	3,598,000	897,194	1,057,702	27,371	36,076
Customs	1,550,000	645,244	707,835	25,063	31,246
Excise	960,000	439,765	441,570	7,235	4,420
Total Customs and Excise	2,510,000	1,085,009	1,149,405	32,298	35,666
Motor Duties	155,000	26,310	27,584	313	366
PO (Net Receipts)	40,000	10,660	11,200	...	...
Broadcast Lic.	205,000	24,530	11,862	11,352	945
Sundry Loans	...	47,603	...	470	...
Miscellaneous	...	...	...	...	...
Total	6,508,000	2,091,246	2,363,753	71,804	73,053
Ordinary Expenditure					
Debt Interest	660,000	309,562	342,403	8,070	8,953
Payments to N. Ireland Exch.	92,000	36,648	37,821	3,027	3,166
PO Fund - Initial settlement	15,000	...	...	...	...
Other Consolidated Funds	8,000	3,862	3,998	10	19
Supply Services	5,186,902	2,030,650	2,179,918	85,100	65,900
Total	5,961,902	2,380,722	2,564,140	96,207	78,038
Sinking Funds	40,000	17,500	17,942	600	1,670
"Above-line" Surplus or Deficit	306,976	218,329	25,003	-	6,655
"Below-line" Net Expenditure	204,128	242,813	12,588	11,804	11,804
Total Surplus or Deficit	511,104	461,142	37,591	18,459	18,459
Net receipts from:					
Tax Reserve Certificates	112,722	94,100	-223	864	...
Savings Certificates	35,000	11,500	1,800	-1,200	...
Defence Bonds	50,102	20,994	2,141	2	...
Premium Savings Bonds	26,490	18,550	1,150	800	...
Total	224,314	122,144	4,768	466	466

* Net receipt to the Civil Contingencies Fund of £5 million in 1961-62 compared with a net receipt of £7 million in 1960-61.

FLOATING DEBT

(£ million)					
	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Depr.	Bank of England	
1960 Sept. 10	3,520.0	1,977.0	199.6	6.3	5,702.8
1961 June 3	3,240.0	1,825.3	258.5	...	5,323.8
" 10	3,270.0	1,827.6	242.2	...	5,339.8
" 17	3,280.0	1,823.6	263.9	...	5,367.5
" 24	3,290.0	1,909.6	201.6	...	5,365.8
" 30	3,290.0		283.3	...	5,483.0
July 8	3,280.0	1,853.1	265.2	0.8	5,399.0
" 15	3,270.0	1,866.0	269.0	...	5,405.0
" 22	3,260.0	1,894.4	214.3	...	5,368.7
" 29	3,250.0	1,920.3	220.4	3.3	5,393.9
Aug. 5	3,280.0	1,882.6	207.3	...	5,369.9
" 12	3,290.0	1,712.9	206.6	...	5,209.4
" 19	3,290.0	1,732.5	316.8	1.5	5,340.7
" 26	3,280.0	1,840.0	201.9	2.3	5,324.1
Sept. 2	3,260.0	1,855.3	239.4	...	5,354.8
" 9	3,240.0	1,886.4	221.4	...	5,347.9

THE MONEY MARKET

By raising its bid by 4d. to £98 6s. 10d. at last Friday's Treasury bill tender the syndicate of discount houses achieved its purpose of boosting its dwindling bill portfolio. Total applications for the offer of £260 million of bills rose sharply by £62 million to £442 million but the syndicate received 60 per cent of its application and apparently the bulk of the allotment. The average rate of discount fell by 1s. 1.69d. to £6 14s. 8.51d.

But these successful tactics brought swift retribution. The Bank of England was anxious to counter any suggestion that this first fall of any substance in the Treasury bill rate since Bank rate was raised to 7 per cent heralded any relaxation in interest rates, and on Monday four or five houses were forced to borrow a moderate amount at Bank rate. Credit has generally continued to be tight but conditions have been patchy, with the stringency concentrated on those houses that have had to repay amounts previously borrowed from the Bank of England. Day to day money has generally commanded 6½ per cent and often 6½ per cent for larger sums from the clearing banks—particularly on Tuesday when the authorities gave a large amount of help.

MONEY RATES

LONDON			
Bank rate (from 5% 26.7/61)	7	Discount rates:	%
60 days	6 1/2	Bank bills:	%
3 months	6 1/2	60 days	6 1/2-6 3/4
6 months	6 1/2	3 months	6 1/2-6 3/4
9 months	6 1/2	6 months	6 1/2-6 3/4
12 months	6 1/2	9 months	6 1/2-6 3/4
Deposits:		12 months	6 1/2-6 3/4
Overnight	5	Deposits:	%
3 months	5 1/4	Overnight	5
6 months	5 1/4	3 months	5 1/4
9 months	5 1/4	6 months	5 1/4
12 months	5 1/4	9 months	5 1/4
Local Authorities:	7 1/2	12 months	5 1/4
Money:		Local Authorities:	7 1/2
Day-to-day	5 3/4-6 1/2	Money:	%
		Day-to-day	5 3/4-6 1/2
NEW YORK			
Official Discount rate (from 3 1/2% 11.8/60)	3	Treasury bills:	%
		Sept. 1	2.392
		" 11	2.328

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

Effective Limits	September 13	September 7	September 8	September 9	September 11	September 12	September 13
United States \$	2.78-2.82*	2.81-81 1/8	2.81-81 1/8	2.81-81 1/8	2.81-81 1/8	2.81-81 1/8	2.81-81 1/8
Canadian \$	13.622-14.027	2.89 1/2-3 1/8	2.89 1/2-3 1/8	2.89 1/2-3 1/8	2.89 1/2-3 1/8	2.89 1/2-3 1/8	2.89 1/2-3 1/8
French Fr.	11.94-12.54*	13.81-14 1/2	13.81-14 1/2	13.81-14 1/2	13.81-14 1/2	13.81-14 1/2	13.81-14 1/2
Swiss Fr.	137.96	12.13-13 1/4	12.13-13 1/4	12.13-13 1/4	12.13-13 1/4	12.13-13 1/4	12.13-13 1/4
Belgian Fr.	142.05	139.87 1/2	139.87 1/2	139.87 1/2	139.87 1/2	139.87 1/2	139.87 1/2
Dutch Gld.	9.98 1/2-10.28 1/2	10.14 1/2-11 1/2	10.14 1/2-11 1/2	10.14 1/2-11 1/2	10.14 1/2-11 1/2	10.14 1/2-11 1/2	10.14 1/2-11 1/2
W. Ger. D-Mk.	11.037-11.365	11.23-23 1/4	11.23-23 1/4	11.23-23 1/4	11.23-23 1/4	11.23-23 1/4	11.23-23 1/4
Portug. Esc.	1725-1775	80.25-35	80.25-35	80.25-35	80.25-35	80.25-35	80.25-35
Italian Lire	14.27 1/2-14.70	1744-44 1/2	1744-44 1/2	1744-44 1/2	1744-44 1/2	1744-44 1/2	1744-44 1/2
Swedish Kr.	19.06 1/2-19.62	14.57 1/2-15 1/2	14.57 1/2-15 1/2	14.57 1/2-15 1/2	14.57 1/2-15 1/2	14.57 1/2-15 1/2	14.57 1/2-15 1/2
Danish Kr.	19.71-20.30 1/2	19.36 1/2-20 1/2	19.36 1/2-20 1/2	19.36 1/2-20 1/2	19.36 1/2-20 1/2	19.36 1/2-20 1/2	19.36 1/2-20 1/2
Norwegian Kr.	20.02 1/2-21 1/2	20.02 1/2-21 1/2	20.02 1/2-21 1/2	20.02 1/2-21 1/2	20.02 1/2-21 1/2	20.02 1/2-21 1/2	20.02 1/2-21 1/2
Official Limits							
United States \$	1 1/2-1 1/2	1 1/2-1 1/2	1 1/2-1 1/2	1 1/2-1 1/2	1 1/2-1 1/2	1 1/2-1 1/2	1 1/2-1 1/2
French Fr.	4 1/2-3 1/2	4 1/2-3 1/2	4 1/2-3 1/2	4 1/2-3 1/2	4 1/2-3 1/2	4 1/2-3 1/2	4 1/2-3 1/2
Swiss Fr.	5 1/2-5 1/2	5 1/2-5 1/2	5 1/2-5 1/2	5 1/2-5 1/2	5 1/2-5 1/2	5 1/2-5 1/2	5 1/2-5 1/2
Belgian Fr.	43-33c.	43-33c.	43-33c.	43-33c.	43-33c.	43-33c.	43-33c.
Dutch Gld.	5 1/2-5c.	5 1/2-5c.	5 1/2-5c.	5 1/2-5c.	5 1/2-5c.	5 1/2-5c.	5 1/2-5c.
W. German D-Mk.	5 1/2-5pl.	5 1/2-5pl.	5 1/2-5pl.	5 1/2-5pl.	5 1/2-5pl.	5 1/2-5pl.	5 1/2-5pl.
Three Months Forward Rates							
United States \$	27 1/2-23 1/2	27 1/2-23 1/2	27 1/2-23 1/2	27 1/2-23 1/2	27 1/2-23 1/2	27 1/2-23 1/2	27 1/2-23 1/2
Canadian \$	21 1/2-21 1/2	21 1/2-21 1/2	21 1/2-21 1/2	21 1/2-21 1/2	21 1/2-21 1/2	21 1/2-21 1/2	21 1/2-21 1/2
French Fr.	15 1/2-15 1/2	15 1/2-15 1/2	15 1/2-15 1/2	15 1/2-15 1/2	15 1/2-15 1/2	15 1/2-15 1/2	15 1/2-15 1/2
Swiss Fr.	13 1/2-13 1/2	13 1/2-13 1/2	13 1/2-13 1/2	13 1/2-13 1/2	13 1/2-13 1/2	13 1/2-13 1/2	13 1/2-13 1/2
W. German D-Mk.	14 1/2-14 1/2	14 1/2-14 1/2	14 1/2-14 1/2	14 1/2-14 1/2	14 1/2-14 1/2	14 1/2-14 1/2	14 1/2-14 1/2
Gold Price at Fixing							
Price (s. d. per fine oz.)	250/5 1/2	250/5	250/5	250/5	250/5	250/5	250/5
\$	35-19 1/2	35-18 1/2	35-18 1/2	35-18 1/2	35-18 1/2	35-18 1/2	35-19 1/2

BANK OF ENGLAND RETURNS

£ million	Sept. 14, 1960	Sept. 6, 1961	Sept. 13, 1961
Issue Department			
Notes in circulation	2,227.9	2,326.3	2,318.3
Govt. debt and securities	2,247.8	2,349.0	2,349.0
Other securities	0.7	0.8	0.8
Gold coin and bullion	0.4	0.4	0.4
Coin other than gold coin	1.5	0.3	0.3
Banking Department			
Deposits:			
Public accounts	10.2	11.0	11.9
Special deposits	149.8	214.7	219.4
Bankers	242.7	224.9	257.1
Others	65.2	66.9	69.1
Total	467.9	537.5	557.4
Securities:			
Government	424.9	427.3	448.9
Discounts and advances	18.8	84.1	7.4
Other	19.3	19.7	19.7
Total	463.0	531.0	543.0
Banking department reserve	23.4	25.0	32.9
"Proportion"	5.0	4.6	5.9

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced by £50 million to £2,350 million on August 30th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million)	Three Months' Bills	Average Rate of Allotment	Allotted at Max. Rate*
Offered	Applied for			
1960 Sept. 9	91 day 290.0	498.1	s. d. 110 2.26	% 61
1961 June 9	270.0	463.3	89 4.14	39
" 16	260.0	391.2	90 0.42	55
" 23	260.0	389.1	90 8.47	50
" 30	250.0	400.8	90 8.94	46
July 7	240.0	405.2	90 8.80	42
" 14	240.0	378.2	91 4.47	47
" 21	240.0	333.3	92 5.62	66
" 28	250.0	426.6	133 9.22	28
Aug. 4	250.0	386.0	134 3.33	44
" 11	250.0	394.7	134 8.51	41
" 18	250.0	379.6	134 1.83	61
" 25	260.0	409.9	134 0.12	39
Sept. 1	250.0	379.8	134 0.50	48
" 8	260.0	441.6	132 10.81	60

* On September 8th tenders for 91 day bills at £98 6s. 10d. secured 60 per cent, higher tenders being allotted in full. The offer for this week was for £250 million 91 day bills. † Allotment cut by £10 million.

APPOINTMENTS



ECONOMISTS

UNILEVER INVITES APPLICATIONS FROM MEN WHO WOULD BE INTERESTED TO JOIN ITS ECONOMICS AND STATISTICS DEPARTMENT THROUGH THE MANAGEMENT DEVELOPMENT SCHEME.

E. & S., which is situated at Head Office, provides an advisory service for the parent Board and for the operating companies in the U.K. and abroad. Its scope is therefore wide-ranging. It covers, in particular, the provision of information on current economic affairs, the assessment of long-term trends and their effect on future planning, and the application of statistical techniques to the conduct of day-to-day operations.

Entry through the Management Development Scheme provides the opportunity of moving on later from E. & S. to Company management. Only those who consider they have management potential should therefore apply. You should also have a first, or a very good second, in Economics, or in a subject which included Economics as a main element.

Starting salaries will be attractive, and the prospects are first-class. The upper age limit is 28 or near.

If you would like to learn more about E. & S. and about Unilever in general, with a view to joining us, write for further information, giving brief details of yourself at the same time. All applications will of course be treated in strict confidence.

The address is: PERSONNEL DIVISION (E/104).

UNILEVER LIMITED, UNILEVER HOUSE, LONDON, E.C.4.

THE SECRETARIAT OF THE INTERNATIONAL RUBBER STUDY GROUP

Applications are invited for the post of SECRETARIAN. The salary scale is £1,000 x £50 — £1,400 (assistant grade) and £1,500 x £60 — £1,800 (statistical grade); the initial salary will depend on qualifications and experience. There is a Provident Fund Scheme. Applicants should be graduates not over 30 years of age with a good knowledge of statistical methods and preferably some knowledge of economics. A capacity for detailed and accurate work and the ability to compile reports and memoranda are required. All applicants should be able to express themselves clearly and concisely in written and spoken English and should have or undertake to acquire on appointment a working knowledge of French. Detailed applications should be sent not later than October 10, 1961, to the Secretary-General, International Rubber Study Group, Breckinridge House, 5th Lancaster Place, London, W.C.2.

UNIVERSITY OF MELBOURNE

Applications are invited for the following Chair:

(1) CHAIR OF COMMERCE AND BUSINESS ADMINISTRATION: The salary for each position is £4,250 per annum and superannuation similar to F.S.S.U. in Great Britain will be provided.

Further information and conditions of appointment can be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

MSL ECONOMIST London

have been retained to advise on this appointment.

MID-SEPTEMBER was the time when, as it seemed a few weeks ago, circumstances would at last be ripe for the West to propose negotiations on Berlin. Mr Llewellyn Thompson, the American ambassador in Moscow, has made his sounding of Russian ideas on the subject, and has sent his report to President Kennedy. The western foreign ministers were considering this report in Washington

In no circumstances will a candidate's identity be disclosed to our client unless he gives permission after a confidential interview at which he will be given full details of the appointment.

MANAGEMENT SELECTION LIMITED

17 Stratton Street, London, W.1

UNIVERSITY OF WESTERN AUSTRALIA

LEADERSHIP IN ECONOMIC STATISTICS

Applications are invited for appointment to the above-named position in the Faculty of Economics and Commerce. Applicants should have experience of teaching and research and should have published work in the field of economic statistics. A knowledge of econometrics would be an advantage.

The salary range for the position is £4,040-£4,350 p.a. with superannuation similar to U.S.S.U.

It is important that intending applicants obtain details of the procedure to be followed in applying for the post and a copy of the conditions of appointment before submitting their applications. This information is available from the Secretary, Association of Universities in the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close, in Australia and London, on October 31, 1961.



CALTEX SERVICES LIMITED

The Caltex Organisation has openings for **QUALIFIED ACCOUNTANTS** in London and Overseas.

Preferred candidates are those 25-30 years of age, having a broad experience in industrial or public accounting and accustomed to supervisory responsibilities. Knowledge and experience of modern budgetary techniques would be useful. The work is wide in scope and selected candidates will have the opportunity to adapt their knowledge and experience to many branches of commercial accounting and auditing.

Commencing basic salaries will be dependent on qualifications and experience and for Foreign Service additional living allowances are paid, and free medical attention provided plus an initial kit allowance and attractive Vacation and Benefit Plans.

Will interested persons please send a short outline of their qualifications and experience, to "ACC." Caltex Services Limited, Caltex House, Knightsbridge Green, London, S.W.1, and request an Application Form.

NORTH WESTERN GAS BOARD HEAD OFFICE, MANCHESTER

Assistant Statistician

Applications are invited for the above permanent appointment at a commencing salary within Grade A.P.1. 7 (£7,700-£8,700 per annum). Candidates must hold a graduate or equivalent qualification in mathematical statistics, preferably combined with economics.

The successful candidate will be engaged under the direction of the Board's Statistician in specialised investigations in the field of market surveys, operational research, sales forecasting, etc., which call for the use of mathematical and statistical techniques. The work is interesting and offers scope for imagination and initiative in the application of these techniques to business problems. Detailed applications, giving the names of two referees, should reach the Assistant Secretary of the Board, Bridgewater House, 60 Whitworth Street, Manchester 1, within 14 days.

THE METAL BOX COMPANY LIMITED

have a vacancy for an

ECONOMICS GRADUATE

(early 20's)

to assist in the Economics Section of the Information and Statistics Division. The work includes the review of economic and market trends at home and overseas and covers the whole range of consumer packaging.

Apply to:
Head of Staff Division,
THE METAL BOX COMPANY LIMITED,
37 Baker Street, London, W.1.

quoting reference ISN/2.

AUSTRALIAN NATIONAL UNIVERSITY

INSTITUTE OF ADVANCED STUDIES
Research School of Social Sciences

Applications are invited for a RESEARCH FELLOWSHIP in the DEPARTMENT OF HISTORY. The Department, under Professor Sir Keith Hancock, has concentrated hitherto on the study of the history of Australia and of the British Commonwealth.

To broaden the work of the Department a new Research Fellowship has been created. Applicants with qualifications in Modern European History will be given the highest priority.

The salary will be within a range at present £A1,625-£A2,450 p.a. Appointment will be for three years, with possible extension to five years.

Superannuation is on the F.S.S.U. pattern. Reasonable travel expenses are paid, and assistance with housing is provided.

Further particulars could be obtained from the Secretary, Association of Universities in the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close, in Australia and London, on October 31, 1961.

A CAREER IN SOUTH AMERICA

An international firm of public accountants wishes to increase its permanent professional staff in Argentina, Bolivia, Brazil, Chile, Paraguay and Peru and invites applications from qualified accountants at all levels of experience, from those newly qualified to those capable of assuming senior executive posts, including men who have had experience of management consultancy work.

The positions advertised are not replacements: they are new posts. The work is varied and interesting with opportunities for travel, and there are excellent prospects of speedy advancement in countries whose economies are expanding rapidly.

Contracts are for an initial period of three years, renewable by agreement. Terms include an allowance for the expenses of moving to South America, a salary (payable partly in hard currency) on a scale sufficient to permit a comfortable standard of living together with a margin for savings, annual bonus, first-class return passages for staff members and their dependants, and three months' fully paid leave at the end of each contract in addition to local leave during its course. Salaries are subject to merit increases and are reviewed from time to time to take account of changes in the cost of living. Additional benefits, differing from country to country, are provided by advanced social legislation. A partner of the firm will shortly be in London to interview applicants.

Please send particulars of experience and qualifications, together with a passport type photograph, to Box 1541.

SECRETARY of the UNITED NATIONS ASSOCIATION

Applications are invited for the above salary £3,180 x £30 to £3,500 p.a. with children's allowances and contributory pension scheme. Form and further information will be sent on receipt of addressed foolscap envelope to: U.N.A., 25 Charles Street, London, W.1. Closing date for applications: October 2, 1961.

For other appointments
see page 1111

EDUCATION: BUSINESS AND PERSONAL

TUITION FOR B.Sc. ECONOMICS

Wolsey Hall (Est. 1894) provides Postal Courses in a wide range of subjects for the two examinations for London Univ. B.Sc. Econ. (three if entrance is included at moderate fees). 1431 Wolsey Hall students passed London Univ. B.Sc. Economics exams 1950-60. Tuition also for G.C.E., Law, Statistical, other exams. Prospectus (on request) from: E. W. Shaw Fletcher, C.B.E., I.L.B., Director of Studies, Dept. P.17.

WOLSEY HALL, OXFORD

SECRETARIAL TRAINING, especially for university graduates and older students. Six-month and intensive 14-week courses. Write Organising Secretary, Davies' 158 Holland Park Avenue, W.11. PARK 4634.

B.Sc.(ECON)

LONDON UNIVERSITY U.C.C., founded in 1887, successfully prepares students for this Degree (obtainable without residence), which is a valuable qualification for those seeking executive appointments in commerce or industry, government or municipal work. Prospectus, giving details of Courses for other London Degrees, G.C.E., Law Exams, etc., from Registrar, University Correspondence College, 60 Burlington House, Cambridge.

EXPERT POSTAL TUITION

for Examinations—B.Sc.(Econ.), Law, Accountancy, Costing, Secretarial, Civil Service, Management, Export, Commercial, General Certificate of Education, etc. Also many practical (non-examination) courses in business subjects. Write today for free prospectus and/or advice, mentioning examination or subjects in which interested, to the Secretary (G913).

METROPOLITAN COLLEGE, ST. ALBANS

or call at 30 Queen Victoria Street, London, E.C.4. Established 1910

GRAPHS AND CHARTS DRAWN. ANYTHING HANDWRITTEN. Write Box 1542 ASHANTI GOLDFIELDS CORPORATION LIMITED.

NOTICE IS HEREBY GIVEN that the TRANSFER BOOKS WILL BE CLOSED from September 16, 1961, to September 23, 1961, both dates inclusive, for the preparation of Lists in connection with the proposed New Share Issue. By Order of the Board.
E. W. MORGAN, Secretary.
Registered Address:
10 Old Jewry, London, E.C.2.
September 5, 1961.

ADVANCED STUDIES IN MARKETING

The winter series of one and two day seminars organised by London School of Marketing, includes:—

- Oct. 10/11: Marketing skills and higher management.
- Oct. 30: Selling in the French Market.
- Nov. 13: The Italian demand for British Goods.
- Nov. 16: Forecasting the new techniques.

Reservations and full programmes from:

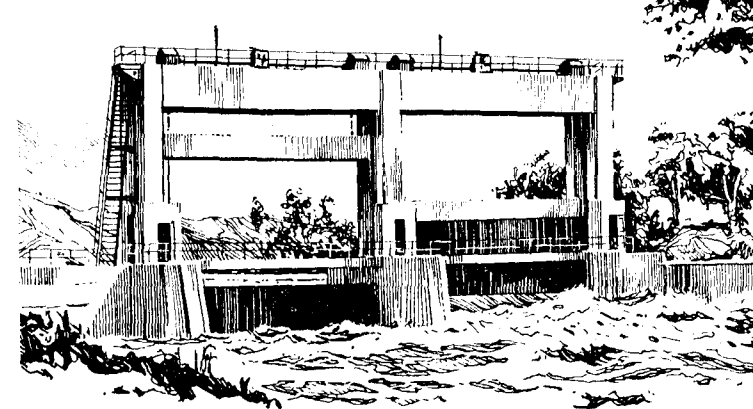
London School of Marketing Limited,
Newspaper House, Great New Street,
London, E.C.4. Fleet Street 5635

The finest Scotch wherever you are!



QUEEN ANNE RARE SCOTCH WHISKY

GLENFIELD



GATES

FOR FLOOD CONTROL WORKS

Glenfield Gates, in various forms including direct-lift as illustrated, are widely applied in Britain and many overseas countries, to safeguard against the damage that can be caused by flooding waters.



Head Office & Works: KILMARNOCK, SCOTLAND

It's easy to get to

LOCARNO



the internationally known holiday resort at the northern tip of beautiful Lake Maggiore. A great attraction for all lovers of art and architecture is the famous Madonna del Sasso, a 15th century pilgrimage church with pictures by Ciseri and Bramantino.

And easier still

when there, to contact the Locarno Branch of the **Union Bank of Switzerland**, whose vast experience is entirely at your disposal. Travellers' Cheques and Travellers' Letters of Credit can, of course, also be negotiated there.



UNION BANK OF SWITZERLAND

SCHWEIZERISCHE BANKGESELLSCHAFT
UNION DE BANQUES SUISSES
UNIONE DI BANCHE SVIZZERE

HEAD OFFICE: ZURICH, Bahnhofstrasse 45
OVER 50 BRANCHES THROUGHOUT SWITZERLAND

Capital fully paid Swiss Francs 140,000,000
Reserves Swiss Francs 152,000,000

Cable Address for all Offices and Branches: BANKUNION

THE UNION BANK OF SWITZERLAND
HAS CORRESPONDENTS ALL OVER THE WORLD

THE FAIRFIELD

SHIPBUILDING & ENGINEERING CO., LTD.



DESIGNERS AND BUILDERS OF ALL CLASSES
OF PASSENGER AND CARGO VESSELS

BUILDERS UNDER LICENCE OF DOXFORD
STORK AND SULZER DIESEL ENGINES

TURBINE MACHINERY INSTALLATIONS AND
BOILERS

EXCLUSIVE LICENSEES IN THE UNITED
KINGDOM FOR THE BUILDING OF
WESTINGHOUSE STEAM TURBINES

THE FAIRFIELD SHIPBUILDING & ENGINEERING CO., LTD.
GOVAN, GLASGOW

THE ECONOMIST SEPTEMBER 16, 1961

for more
company cars
without MORE
CAPITAL—

Why tie-up your capital? It will pay you to use Rootes Contract Hire whether your fleet needs are large or small. With Rootes red-carpet service, (perfected by many years of specialised experience), you hire the latest models at low practical rates; enjoy free service and continuous mobility; abolish administrative costs. Widely used by many established and growing companies, Rootes Contract Hire is at your service—both for business cars and commercial vehicles.

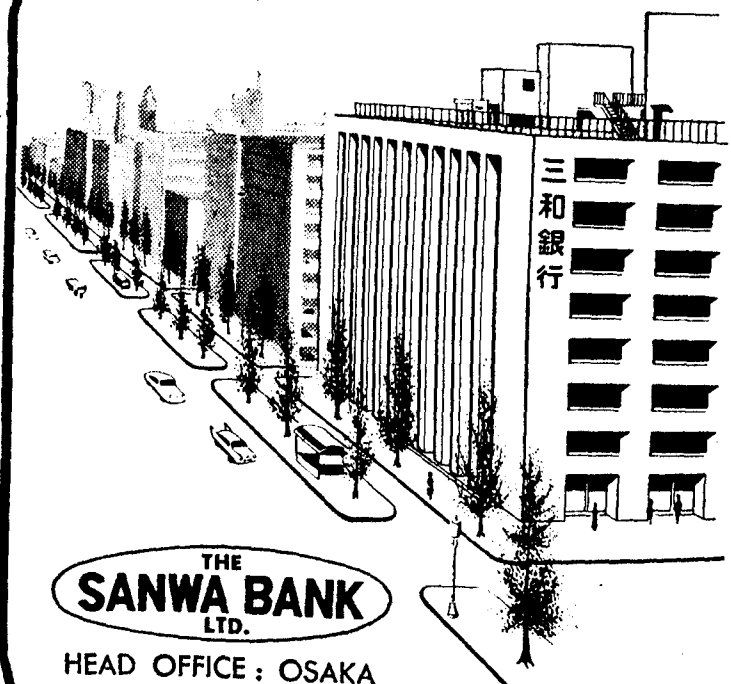


Call in

ROOTES CONTRACT HIRE

Abbey Hall · Abbey Road · London N.W.8 · CUNningham 5141
Also at: Birmingham 3 · 90 Charlotte Street · Tel: Central 8411 · Manchester: Olympia · Knott Mill · Tel: Blackfriars 6677

If it's about Japan!



THE
SANWA BANK
LTD.

HEAD OFFICE: OSAKA

JAPAN : 185 BRANCHES
OVERSEAS : LONDON, NEW YORK
SAN FRANCISCO, TAIPEI

THE ECONOMIST SEPTEMBER 16, 1961



United California Bank's specialists in many fields—and a world-wide network of correspondents—are ready to serve you in all types of international banking transactions.

UCB UNITED CALIFORNIA BANK
Capital Funds over \$160 Million · Resources over \$2 Billion
INTERNATIONAL DIVISION

Southern District Headquarters 600 South Spring Street Los Angeles 54, California Gustav Riedlin, Vice President	Northern District Headquarters 405 Montgomery Street San Francisco 4, California Victor R. Rose, Vice President
--	---



SWISS CREDIT BANK (Credit Suisse)

Established 1856

Capital and Reserves Swiss Francs 355,000,000

With branches in all parts of Switzerland and also at 25 Pine Street, New York, and with correspondents throughout the world the Swiss Credit Bank, one of the oldest and largest in Switzerland, provides an efficient service for all kinds of banking transactions.

Please address your enquiries to the Head Office in Zurich, or to:

The United Kingdom Representative
Robert J. Keller
4 Tokenhouse Buildings, Kings Arms Yard,
London, E.C.2.

Affiliated Companies

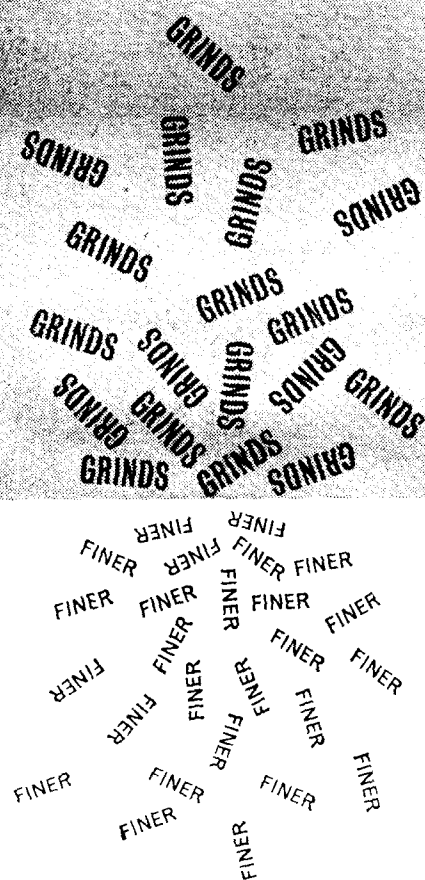
Swiss American Corporation 25 Pine Street, New York	Credit Suisse (Canada) Ltd. 1010 Beaver Hall Hill, Montreal
---	---



**'Come in
please,
mummy
says'**

**It's the Home Service Insurance
Man, the friend of the family.
Through him, ten million
families are investing in their
own and Britain's future, by their
regular payments on industrial
life assurance policies.**

UNIPULVER



ALL THE TIME

If your product is one which calls for the grinding of raw materials; and if by achieving a finer grind than has previously been possible, you could make a better product, you need UNIPULVER. If you already own a grinding machine and wish it didn't need so much maintenance; or so much downtime for cleaning, you need UNIPULVER. If your problem is irregularity of fineness, insufficient output, or running cost; you need UNIPULVER.

We would like to quote the names of some of the very big concerns who have installed Unipulver Mills during the past ten years. Unfortunately, most of our customers prefer not to tell their competitors just how and why their product has suddenly become so much better. But if you will tell us your problem, we will gladly prove how UNIPULVER would solve it.

UNIPULVER

UNIPULVER LIMITED • 38 PRYME ST • HULL
Phone: Hull 20074



CATER RYDER & Company Limited

38 LOMBARD STREET, LONDON EC3

Discount Brokers and Bankers
Capital and Reserves exceed £6,000,000

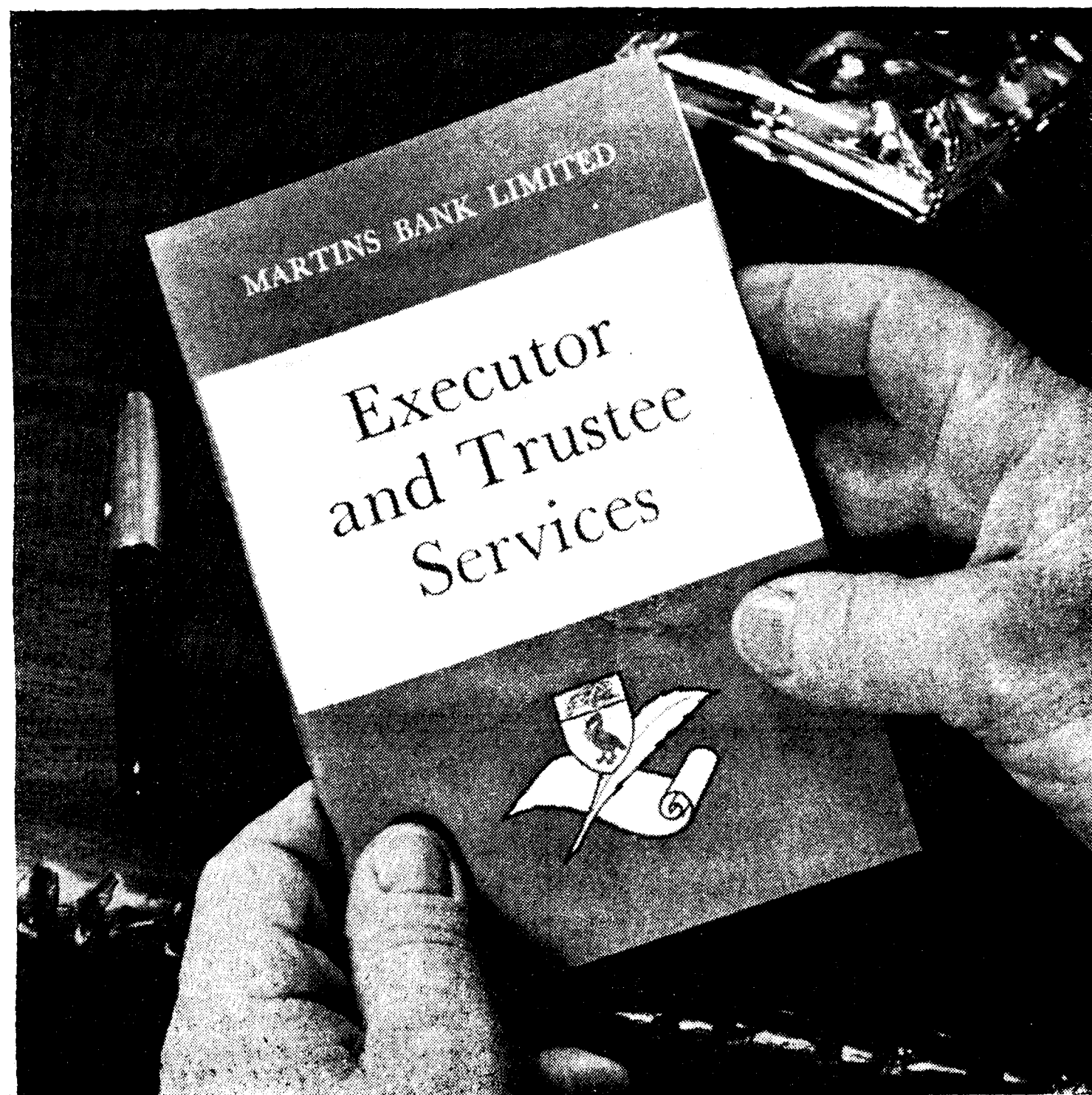
First in Industrial Finance Experience in Management of Foreign Capital

Foreign Exchange Business also our line

The Industrial Bank of Japan Ltd.

Head Office: Marunouchi, Chiyoda-ku, Tokyo, Japan.
New York Office: 30 Broad Street, New York 4, N.Y.

ESTABLISHED IN 1902

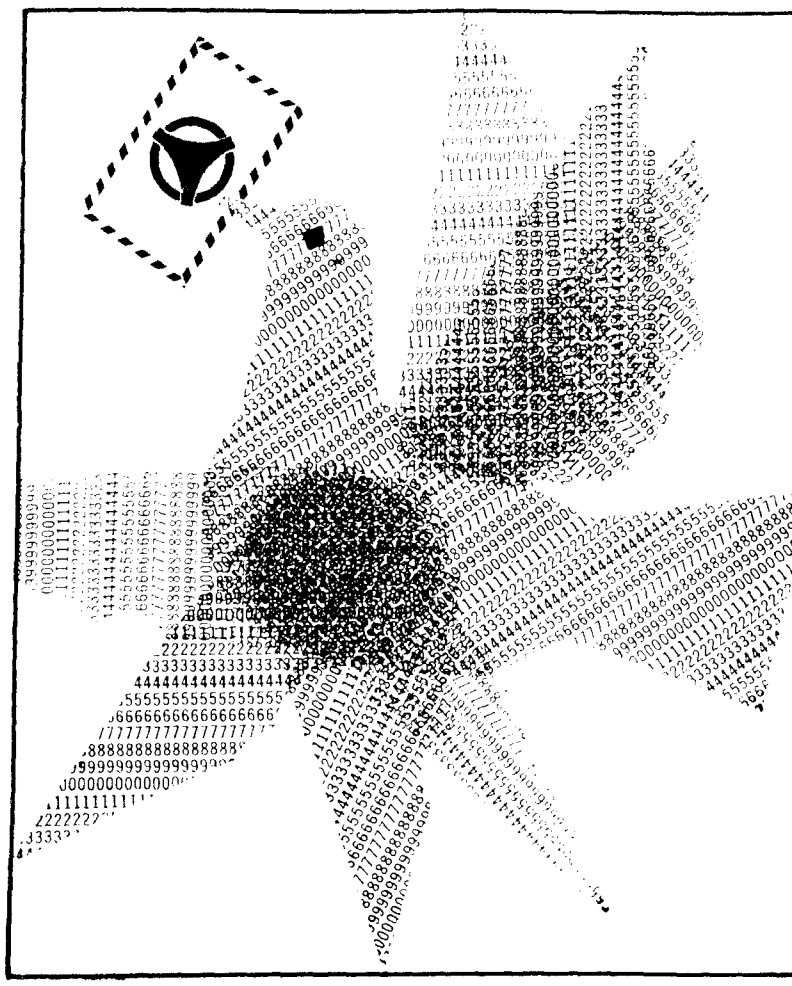


... I appointed my bank as my executor and trustee, and I now feel confident that my estate will be administered competently and sympathetically. This little book puts their Executor and Trustee Services in a nutshell. If you are thinking of making a will it is worth asking for a copy at your local branch of Martins Bank.

Martins Bank



Martins Bank Limited. Head Office: 4 Water Street, Liverpool 2



We reach business and bankers everywhere

By providing fast and efficient service on all assignments the Fuji Bank is today a leader in international banking.

189 OFFICES THROUGHOUT JAPAN

THE FUJI BANK, LTD. Tokyo, Japan

OVERSEAS OFFICE London: Salisbury House, Finsbury Circus, London E.C. 2 New York: 42 Broadway, New York 4, N.Y. Calcutta: Mookerjee House, 17, Brabourne Road, Calcutta-1

SAFE INVESTMENT SINCE 1876



Since 1876 we have provided a secure, profitable return on savings entrusted to us by shrewd investors. Their decision is influenced by the fact that we have made a profit in every year without fail. Why not take your first step to security and open a deposit account with the Lincolnshire? Fill in the coupon below for our brochure and balance sheet.

8% INTEREST

PAID-UP CAPITAL AND RESERVES £223,998

ASSETS EXCEED £2,000,000

THE LINCOLNSHIRE

PROPERTY BUILDING AND GENERAL FINANCE CO. LTD.

AKRILL HOUSE, CLASKETGATE, LINCOLN. Phone 23314

Please send brochure EC 3761 and balance sheet.

NAME.....

ADDRESS.....

MEMBER: FINANCE HOUSES ASSOCIATION

ESSENTIAL COVER AT MINIMUM COST

is provided by the
"ROYAL'S"

FAMILY INCOME POLICY

This policy secures a regular and assured income for the family in the event of the father's death.

Example (applicable in the United Kingdom only): For a man aged 30 next birthday a premium of only £4 per quarter—payable for a maximum of 16 years—secures a Family Income Policy assuring £500 per annum for the balance of a term of 20 years.

We would welcome the opportunity of discussing this important cover with you.



Head Offices:

1 North John Street LIVERPOOL 2

24/28 Lombard Street LONDON E.C.3

Highly competitive premium rates for WITHOUT PROFIT POLICIES

For MUTUAL Satisfaction — Consult

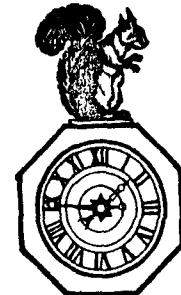
NATIONAL PROVIDENT INSTITUTION

For Mutual Life Assurance

— Established 1835 —

48 GRACECHURCH STREET LONDON, E.C.3

Telephone: MINcing Lane 4200




AN INCOME FOR LIFE THAT COMBATS INFLATION

An Equitable Increasing Annuity gives a man an income of £500 a year increasing by £50 every 5 years. A large part of the Annuity is free of tax and for a man now aged 65 the cost is only £4,869.

Write today for more details to

The Equitable Life Assurance Society

(Founded 1762)

Head Office: 19, Coleman Street, London, E.C.2.

Have you Ever Considered Investing in Japanese Stocks?

The phenomenal growth and expansion of Japanese industry have gained international reputation ... and so has Nikko Securities — outstanding for expert, dependable investment service. Exhaustive research by Nikko's staff of experts provides you with reliable, up-to-date data. There is no time like the present. Contact Nikko—your expert counsel for sound and profitable investments.

The Nikko Securities Co. Ltd.

New Marunouchi Bldg., Tokyo, Japan
Telex: TK 2410 Cable Address: NIKOSE TOKYO

New York Branch: 25 Broad St., New York 4
Teletype: NY 1-2759U



To industrialists who are looking for:

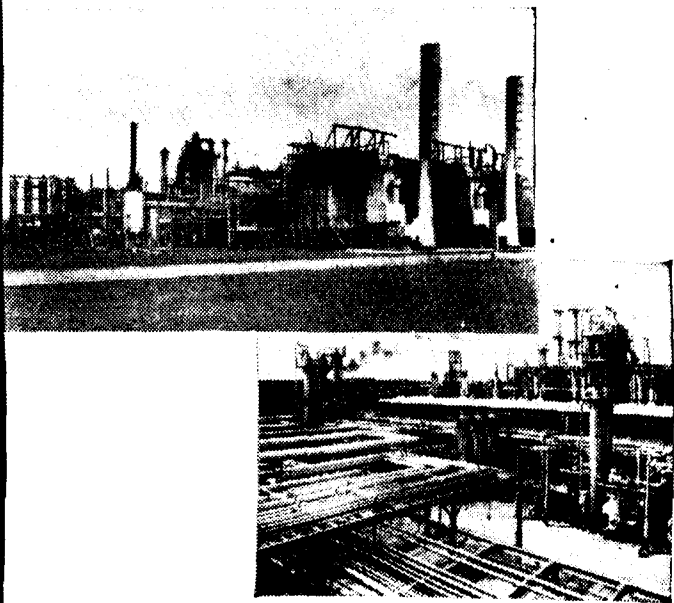
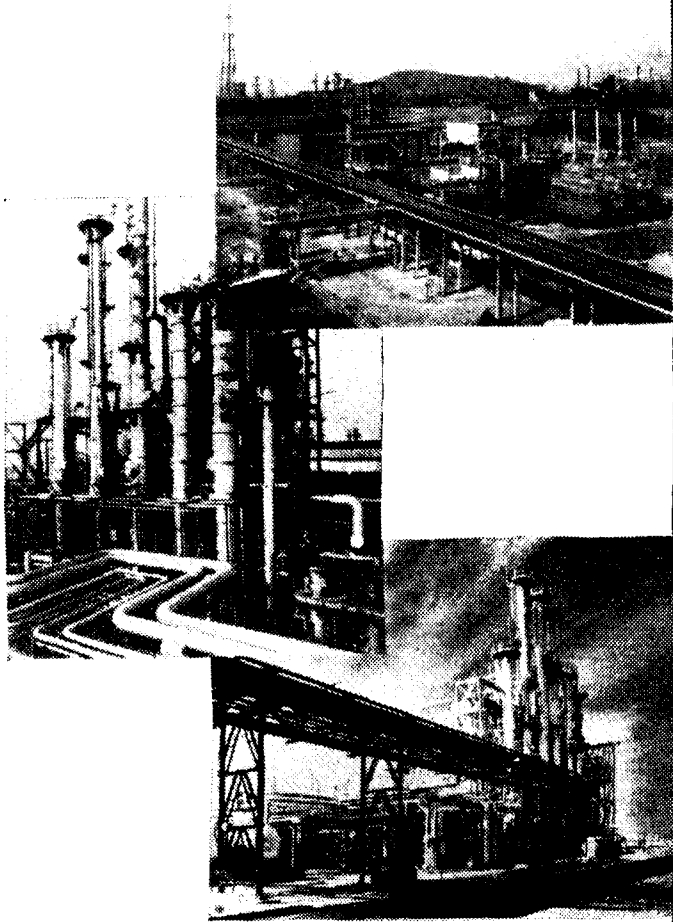
- your place in the heart of the Common Market —
- the opportunity to adapt and extend your manufacturing programme —
- a well situated place, with a network of transport facilities, where skilled labour is plentiful —
- plots of land and industrial buildings available immediately —
- comprehensive public administration with the means to grant credits —

We offer you:

- at a central point between the industrial areas of Germany, France, Luxembourg and the Netherlands —
- 20 acres of industrial land of which 10 acres is built upon, with important facilities for heavy lifting (17 travelling cranes), connecting railway etc. . .
- all this in one block at Marcinelle-Charleroi (Belgium) with the possibility of division into several lots.

For all information (plans, list of material, stock etc.) apply to the liquidators of the St. Ame BEER-ENERGIE at Marcinelle - Belgium Tel. 07/36.20.09

**PROGRESS
IN
EUROPE**



Completed in the past twelve months

France	1
Italy	2
W. Germany	2
Great Britain	2

In course of Completion

Holland	1
Belgium	1
Italy	1
France	1
Denmark	1
Great Britain	7
W. Germany	3

Throughout the world plants designed and built by Stone & Webster Engineering Ltd. are in operation for the Chemical, Petrochemical and Petroleum industries. In Europe alone seven plants have been completed during the past twelve months, with a further fifteen at present under construction or in the design stage.

The experience gained on these and many similar projects has provided an up-to-date fund of information which is available to you today.



STONE & WEBSTER ENGINEERING LIMITED

(Formerly E. B. Badger & Sons Limited)

Affiliated with the Stone & Webster Group of Companies

20, RED LION STREET, LONDON, W.C.1