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SEPTEMBER 23, 1961

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Congress in Vienna
New stage for Fund and Bank

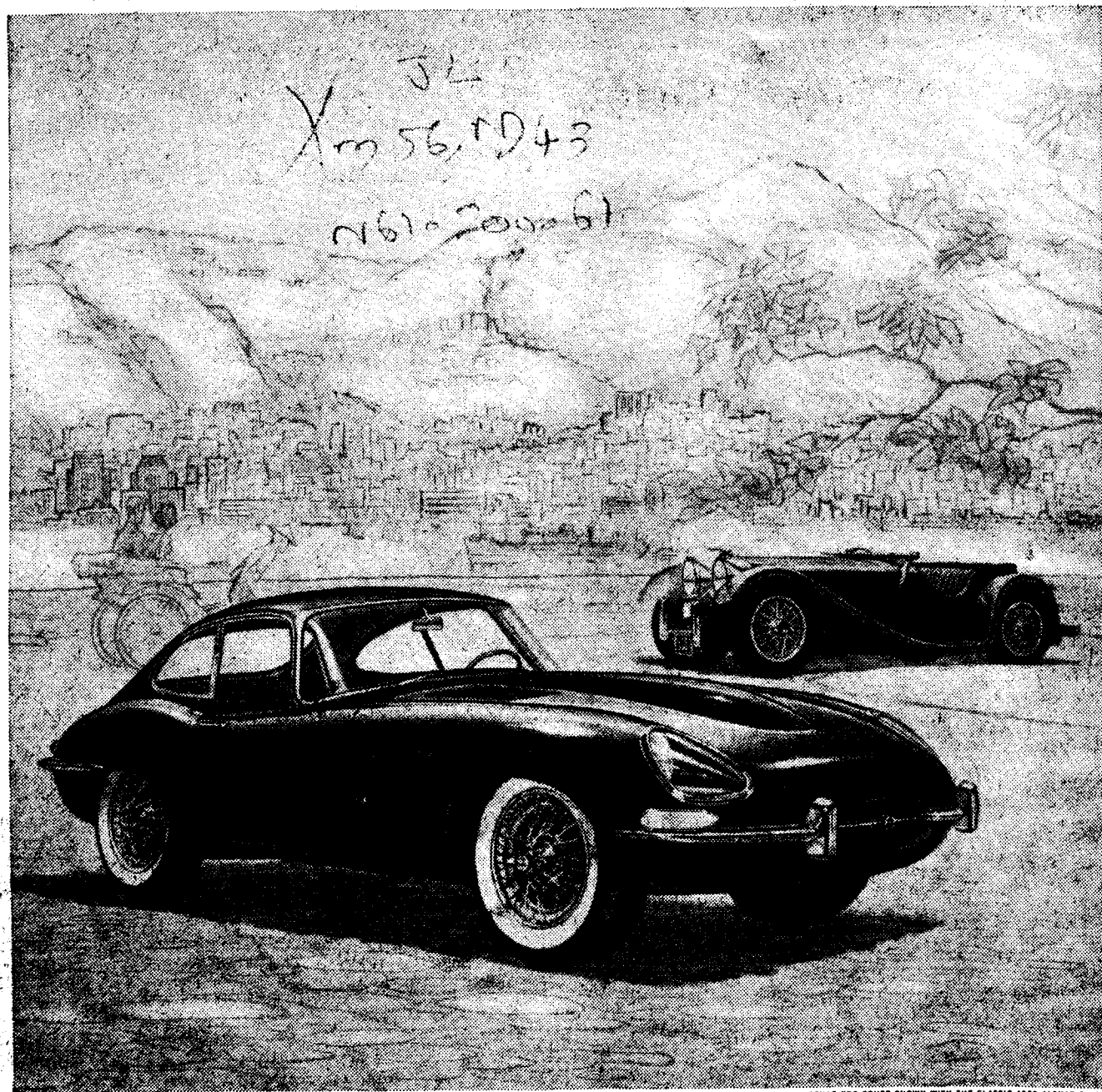
Twilight of Dr Adenauer

Britain's Economic Problem
Sir Robert Hall's conclusions

THINK FAST

The moment of truth has arrived for UN's member nation

THINK HARD Urgently in Katanga, too, the
UN needs to find the right means to serve its proper end



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In The Economist this Week

September 23, 1961

(99b)

INTERNATIONAL

SUCCESSION

Mr Hammarskjöld's death has left the United Nations Organisation headless, with one of its limbs grievously enmeshed in the Congo. The great-power struggle over a successor (or successors) must not be allowed to deal the death blow to the UN itself (p. 1129).

In **Germany**, Dr Adenauer's Christian Democrats have fishily asked their leader to stay on for a time as Chancellor. Other parties anticipate an earlier retirement (p. 1171).

In **Turkey**, the soldier-successors to Mr Menderes have introduced violence into what was a bloodless revolution, and cast a shadow over the democratic government they say will succeed them next month (p. 1136).

In **Hungary**, Mr Kadar has appointed himself successor to Mr Münnich as premier; for the people, no change (p. 1142).

SECESSION

Katanga: Mr Tshombe's mandate to demand independence is not self-evident; the UN says it has been carrying out its own mandate to remove foreign advisers and soldiers (p. 1131).

How the UN—and the foreigners—have gone about it (p. 1170).

Jamaica: Mr Manley's new mandate is to take Jamaica out of the West Indies federation; that is not what he wanted (p. 1142).

The wider Caribbean horizon (p. 1176).

Iraq: The Iraqi Kurds are not fighting mainly for secession; they are fighting for a fairer deal (p. 1142).

Uganda: Politicking at Lancaster House in London may, after all, dissuade the Baganda tribe from seceding when Uganda becomes independent (p. 1144).

SESSIONS

• **President Kennedy's** first session of Congress has been more productive than it appears to the liberals (p. 1152).

• Both the Russians and the West have a responsibility to be reasonable over **Berlin**; it is hoped that Mr Rusk and Mr Gromyko were, at their session on Thursday (p. 1137).

• The Americans hope that they may be able to postpone a debate on admitting **China** to the United Nations for another session (p. 1153).

• **General de Gaulle** is to relinquish his emergency powers; the French parliament will be in ordinary session again next month (p. 1141).

CESSATIONS

Now that it is over, it can be seen that Carla, the most observed hurricane in history, did less damage than might have been expected (p. 1154).

The semi-strike against General Motors is over at last (p. 1153).

Credit cards have not had the success that was hoped (p. 1158).

San Francisco hopes to stop being off the rails (p. 1157).

HOME

SECURITY PREMONITIONS

The International Monetary Fund is running short of money and Dr Jacobsson has proposed selective increases by borrowing strong currencies. But even these moderate proposals are having a difficult passage in the Vienna conclave (p. 1179).

Many developing countries have reached the limits of safe commercial borrowing, and are setting problems for the World Bank (p. 1181).

Before the Chancellor's measures, productivity in Britain had begun a slight upswing: but it may not last long (p. 1184).

Nearly 300 people died in air accidents in a month: a factor in this continuing toll may be the efficiency of ancillary equipment (p. 1188).

Sir Robert Hall's second special article on Britain's economic predicament (p. 1132).

SECTIONAL PREOCCUPATIONS

The Liberal Party, in conference this week at Edinburgh, has not taken all its opportunities to achieve an electoral breakthrough: its promise could founder on contradictions in its economic thinking (p. 1134).

The Accra conference of Commonwealth worriers about Britain and the common market has marked out several areas—notably agriculture—in which negotiations will be delicate (p. 1138).

Ford's offer to its workers is not anti-Chancellor but ante-Pause: the workers thought it not worth the loss of a cup of tea (p. 1137).

Teachers and their Minister are sticking to their guns, but the battalions on the teachers' side are not united (p. 1141).

Equity's case for a rise in TV actors' fees is less outrageous than some programme contractors would like to make out (p. 1141).

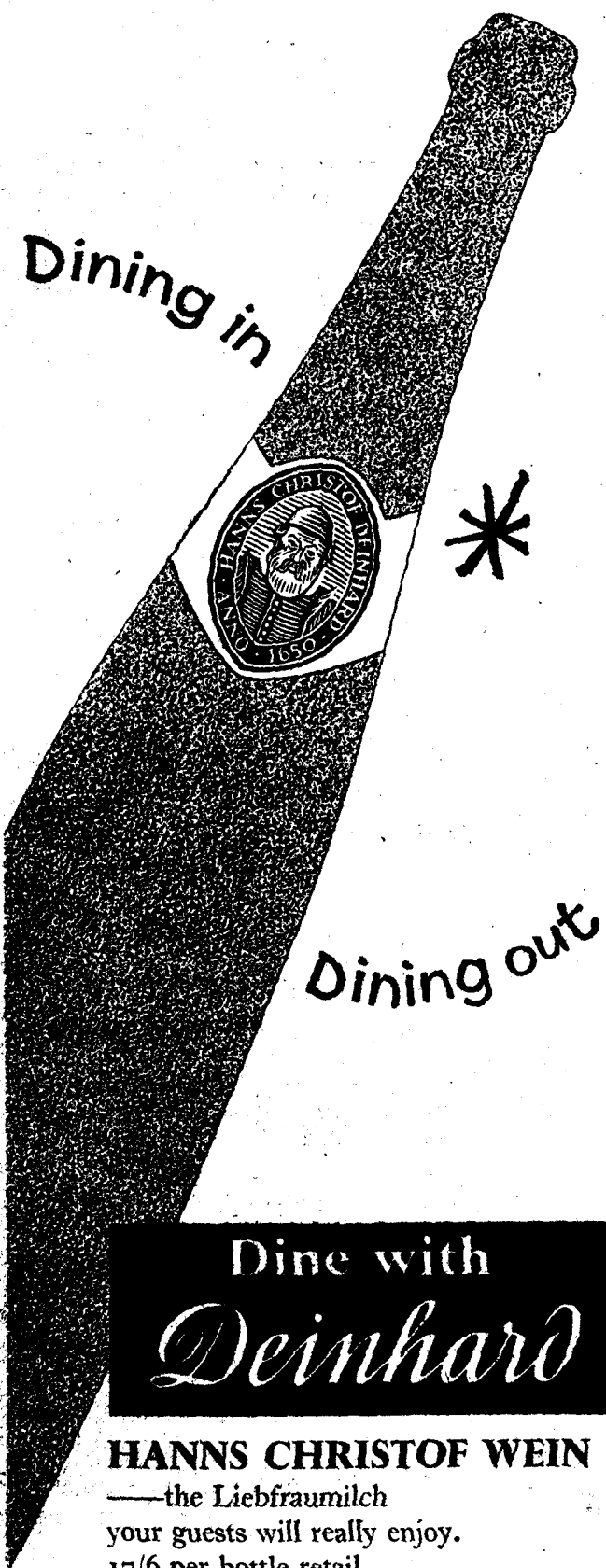
SECULAR PENANCES

The militancy of advocates of Britain's nuclear disarmament is not in doubt after the weekend: their sagacity is, and is more difficult of demonstration (p. 1149). On the other side, Civil Defence is still attracting recruits (p. 1144).

The Isle of Man is not, after all, to have a casino this year (p. 1147).

The recall of Parliament may not significantly affect the primary crises of international life (p. 1138).

Detailed contents on page 1129



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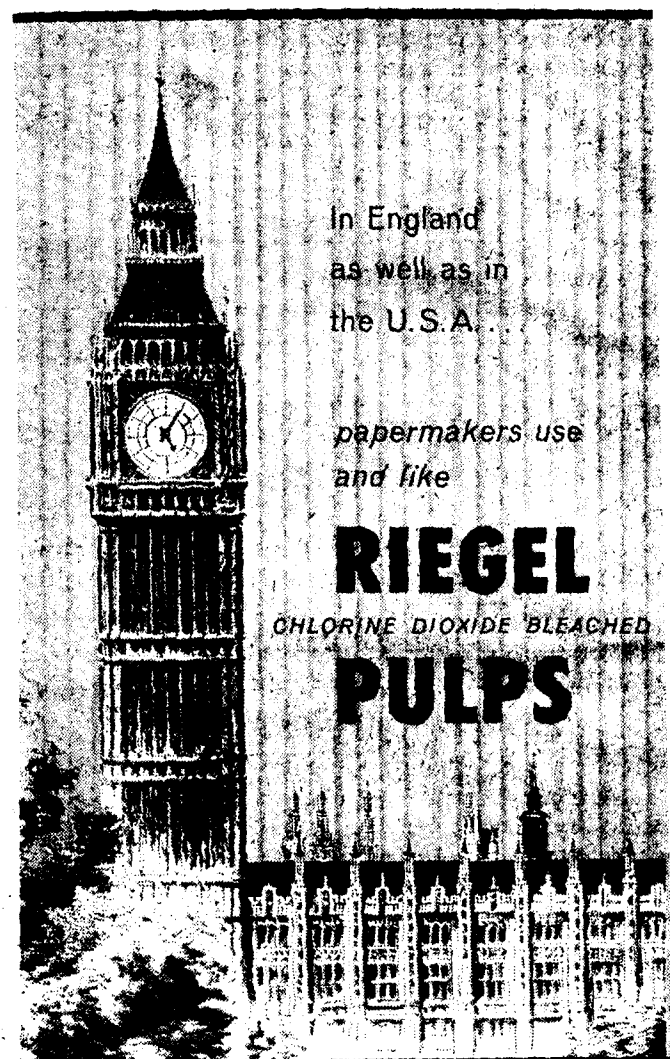
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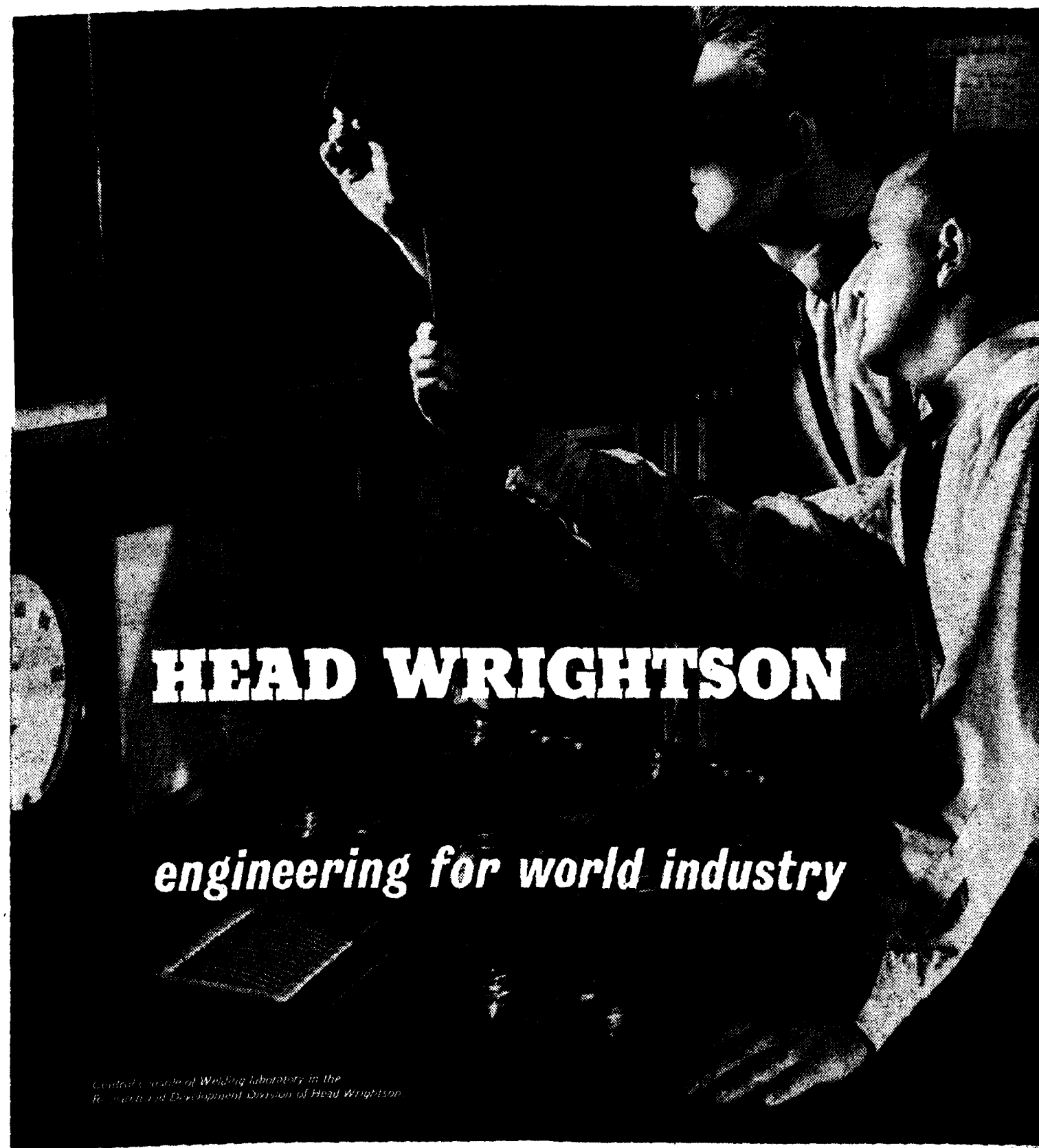
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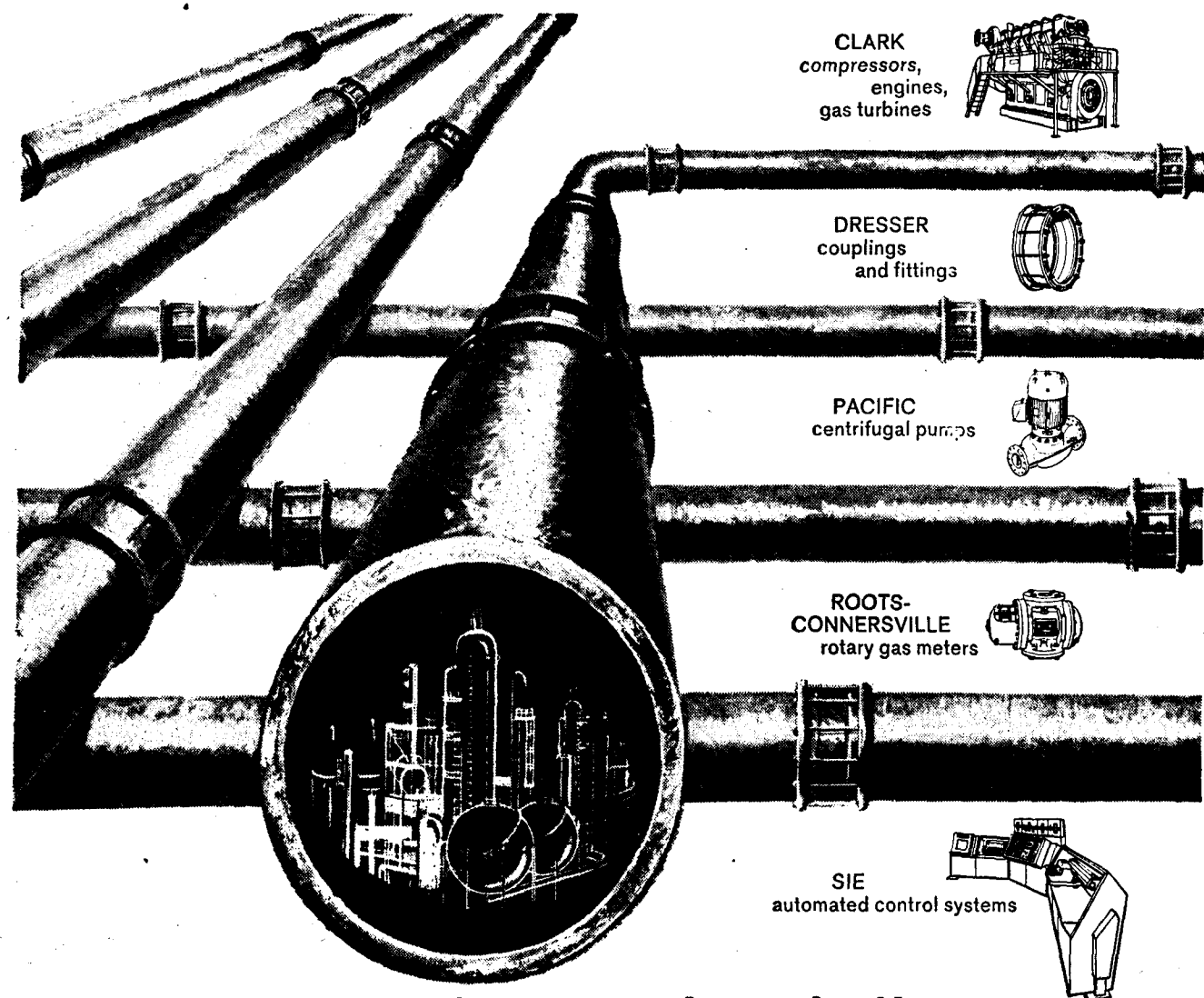
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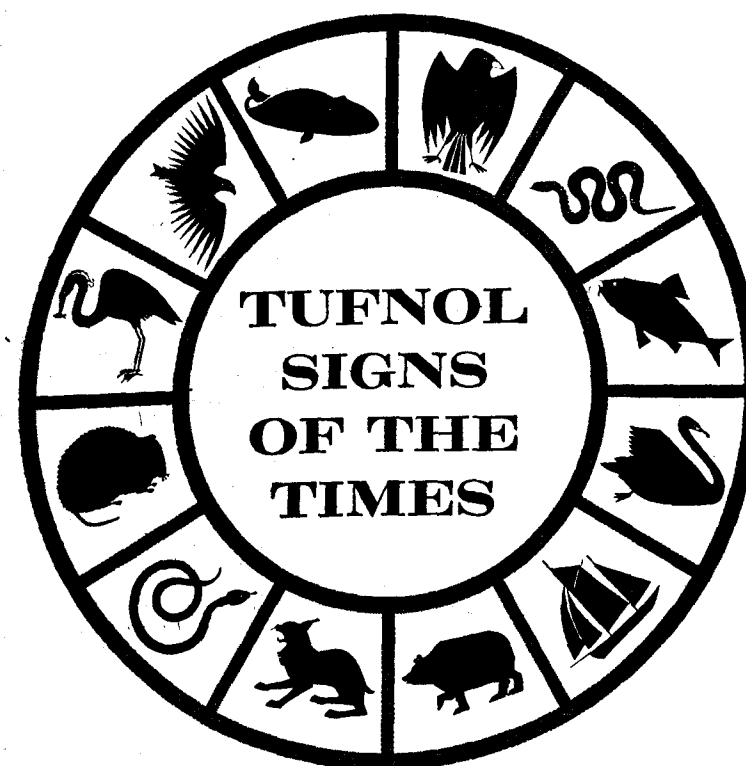
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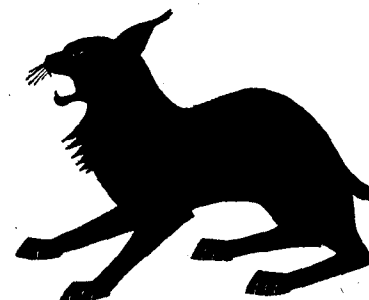
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Birthe lives in Denmark. She is ten years old and studying music as an extra subject at her school. In fact, she hopes to graduate at the Royal Academy of Music in Copenhagen when she has finished her general education.

Music has always meant a lot to Birthe. But when she was only three years old it seemed she might never hear it again. After a severe case of measles, she developed chronic inflammation of the middle ear. As a result she became almost completely deaf. Only after a long course of penicillin injections was she cured. Birthe was lucky. Only 10 years earlier,

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The Economist

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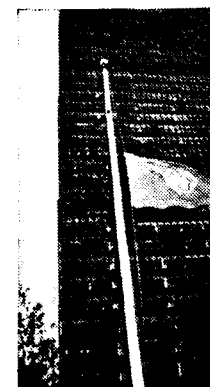
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Think Fast

DAG HAMMARSKJÖLD is dead. Is the United Nations, as an effective instrument for peace, to die with him? At first sight, it would seem absurd to suppose that the removal of one man should prove fatal to so great and so widely supported a cause, however unusual his talents, however close his personal identification with the organisation he served. To term him irreplaceable would be an abject confession: a confession of mankind's inability to arrange its affairs without mortal dependence on one man's life. No mystic secret died with him, no alchemist's formula for transmuting dangers into peace and security. Other men can surely be found capable of sincerely dedicating great qualities to the same task.

Yet the question stands. The United Nations' effectiveness has come to depend increasingly on its secretary-general. Deadlock in the Security Council and sluggish cumbrousness in the 99-member Assembly created this dependence: not Hammarskjöld. The vacuums in which he had to take decisions without clear instructions from above were thrust upon him. Perhaps his readiness to go out alone into the void, as a diplomatic explorer in search of peace, encouraged the member governments to "leave it to Dag" more often. But there is no evidence that either council or assembly would have been roused to take effective action itself if, at such times, he had refused to accept responsibility for trying, with his own patient persistence, to ease the danger. Neither body is equipped to give continuous and decisive direction to the UN's executive arm when new complexities are swiftly unfolding, as they have done in the Congo.

Now the executive is left headless, while one of its limbs, the UN force in the Congo, is grievously enmeshed in its effort to oust European soldiers of fortune from Katanga and to reunite the Congo republic; while the assembly meets in the shadow of the crisis in great-power relationships; while debate rages over the structure of the UN secretariat itself, and Russia presses its plan to cripple permanently the United Nations' capacity for executive action.

For the problems that have now arisen, the drafters of the Charter must carry their share of the blame. At San Francisco, in 1945, they made no provision for the prompt replacement of a chief executive who might die or be suddenly incapacitated during his term. No single deputy was envisaged. The great powers jointly proposed that four or five deputy secretaries should be appointed in the same way as the secretary-general—by the assembly approving a nomination made by the council. The smaller nations shot this down, suspecting, and with reason, that the powers meant these posts for their own men. New Zealand's delegate gave warning that this "would produce a crisis in the secretariat at the beginning of its work." In the upshot, the secretary-general was left free, in theory, to pick his men; in practice, the great powers secured high places for their nominees. Neither Mr Trygve Lie nor Mr Hammarskjöld found it possible to appoint a true deputy whose authority would be wholeheartedly accepted; Mr Lie's appointment of a general co-ordinator in 1948 was a more modest experiment, and even that failed. Thus Mr Hammarskjöld left no heir.

Even in a political calm, a successor acceptable to the veto-wielding powers and to majorities in both council and assembly could hardly be found overnight. In a calm, however, an interim makeshift might be easy to arrange. In the



Bunche and Narasimhan: deputies without a chief

storm of the moment, a mere interim arrangement must be controversial, and agreement on the regular appointment of a new executive is hard to visualise at all.

A year ago this Saturday, Mr Khrushchev, addressing the assembly, committed his personal prestige to the Soviet campaign that had already been launched against Mr Hammarskjöld, and demanded that the post of secretary-general should be abolished and replaced by a "collective executive" of three persons, representing respectively "states parties to the military blocks of the western powers, socialist states, and neutralist countries." The Russians' personal abuse of Mr Hammarskjöld later sank to the depths, and they ceased to recognise him as secretary-general (a treatment they had earlier applied to Mr Lie). It was predictable that, when the 1962 assembly came to discuss the approaching end of Mr Hammarskjöld's second five-year term, Russia would use its veto in the council to block the appointment of any one secretary-general, whatever his identity.

The 1962 assembly might have simply extended Mr Hammarskjöld's term, as it had extended Mr Lie's in 1950 over Soviet protests. Even so, it would merely have been postponing the real crisis. Now, the crisis that had loomed a comfortable year ahead is upon it immediately, and without the chance of falling back on an extension.

MR GROMYKO confirmed on Tuesday the general assumption that the Russians will now press their "troika" demand without even agreeing to an interim device that might help to fill the immediate vacuum. Both uncommitted and western countries had already canvassed the idea that the incoming assembly president—Mr Mongi Slim of Tunisia has now been elected—should undertake the general direction of the secretariat for the time being. Mr Slim is reported to be unwilling to assume such a role in the face of Soviet opposition. Soviet delegates have been finding no enthusiasm for their proposal that an interim "troika" should take over—a committee comprising the three present political under-secretaries, the American Dr Bunche, the Russian Mr Arkadyev, and the Indian Mr Narasimhan.

Moscow presumably hopes to exploit the confusion resulting from Mr Hammarskjöld's untimely death in such a way that it will be able to force the yoke of the troika upon an assembly whose members have overwhelmingly shown their distaste for it. Some of the uncommitted countries have ideas of their own for the reform of the UN mechanism; but their

rejection of the Soviet plan has just found substantial confirmation at the Belgrade conference, where Mr Adoula, the new Congolese prime minister, made the telling point that nothing could have been done to help his country if Mr Khrushchev's formula had already been adopted.

In quieter circumstances, there would be no reason to oppose a general discussion of the structure of the UN, which has long needed an overhaul in several respects. The enlarging of the Security Council to reflect the increase in African and Asian membership has been generally agreed, and held up only by Soviet insistence on first transferring the Chinese seat to the Peking government—an obstacle that may not exist much longer. Western predominance in the active political staff of the organisation is as much a thing of the past as western predominance in the assembly; the political and military apparatus in the Congo is in the hands of men from uncommitted countries, Indian, Irish, Swedish, and a variety of Africans. In June, after an Egyptian-Ghanaian-Indian proposal that the secretary-general should choose three political deputies "taking into account the main political trends in the world today," Mr Hammarskjöld himself trumped this card with a recommendation that he ought to be authorised to have five principal political assistants and advisers, one American, one Russian and three from "countries outside any power-blocks." At Belgrade, the Yugoslavs suggested the establishment of a small advisory committee to help fill the gap between the secretariat and the slow-moving assembly.

Circumstances, however, now call for swift decision. There is no time for a leisurely and exhaustive review of all the possible permutations. The vacuum left by Mr Hammarskjöld has to be filled without delay—and without surrender to the Soviet demand, which, it need hardly be said again, would mean the destruction of the United Nations' infant, but growing, capacity to act effectively against international dangers.

Much now depends on the smaller member states, of whom so many belong to the uncommitted group. The United Nations, as Mr Hammarskjöld repeatedly pointed out, is first and foremost their organisation, their shield against the unrestrained jarring together of the giants, their best means of uniting their strength and making their voice heard. It is they who will be most gravely imperilled if the UN is stultified, either by an unbroken deadlock over the succession to Mr Hammarskjöld or by the imposition, through the Soviet troika plan, of a straitjacket of vetoes on executive action. There is little if anything to choose between the two prospects: open deadlock might, indeed, be preferable because it would be more honest than deadlock sanctified and swathed in reassuring terminology.

WHEN Russia resumed its nuclear test explosions at the very moment of the Belgrade conference, many people concluded that Mr Khrushchev had revealed his utter contempt for the uncommitted nations, his confidence that they could be browbeaten but were not worth wooing; some western commentators hastened to express very similar opinions about them. The struggle over the future of the United Nations provides a fairer test of them. The tragic removal of Mr Hammarskjöld at a time of such urgency and peril confronts the smaller member nations with their moment of truth. Will they show themselves capable of setting aside

for the time being their various pet projects for UN reform, of joining hands in defence of the simple proposition that the world organisation must grow if it is not to wither? Nothing less than overwhelming solidarity on this basis can now save the United Nations from the reduction to a "static conference machinery" of which Mr Hammarskjöld gave warning, only a month ago, when he introduced his annual report with what now reads like a political testament. That warning stands, and his catastrophic, catalytic death has added to it a terse message of exhortation: Think fast.

Think Hard

What is the United Nations doing in the Congo?

WHAT has been happening in Katanga is unusually difficult to find out; so are the precise motives of action. The events that led up to, and followed, the fighting for the post office in Elisabethville at dawn on September 13th are described on page 1170 by a correspondent on the spot. Since the swoops of the first day, fighting has taken place mainly in three centres: in Elisabethville, at Kamina air base, and at Jadotville. No reliable count of casualties is available, but reports suggest that they are far smaller on the UN side than on the Katangan side.

White officers led the resistance to the United Nations forces; and some of the most telling damage was done by non-Katangans. A single jet fighter harassed the Irish at Jadotville, bombed Kamina, strafed Elisabethville, and made passage unsafe for UN aircraft; there are no Congolese trained to fly jet fighters. The UN says that most of the fighting in Elisabethville took place in the European quarter, and that the African city remained calm. But behind all officers there must be troops; most of these were Katangans. The UN undoubtedly underestimated the resistance it would meet, wherever it came from.

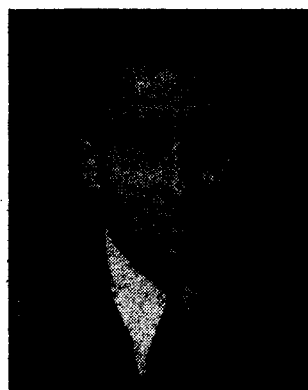
Observers on the spot—and many in Britain—say that the fighting started because the United Nations wanted to bring down the provincial government; the UN explanation is that its force took the action it did to prevent civil war, and to neutralise the radio station and post office, while it went about the other part of its mandate, the expulsion of foreign officers. Otherwise, according to Dr Sture Linner, head of UN operations in the Congo, the violence that was being fomented by the foreigners would in any event have come to a head; or, alternatively, the Congolese central government might have invaded the province in an attempt to overthrow Mr Tshombe himself. (This danger remains while Katanga, with 12 per cent of the Congo's people and 60 per cent of its wealth, holds aloof from the rest of the country.) The action of September 13th was, Dr Linner implies, designed to get rid of the foreigners, silence the radio and other agitation, and stop the mounting trouble at its source.

Originally, the United Nations went into the Congo to stop foreign interference. The first UN resolution on the Congo called on the government of Belgium to withdraw its troops; every resolution since then has centred around a call for the removal of "foreign military and para-military personnel and political advisers," other than those under UN command. The presence of these *ultras*—there are now fewer

Belgians but more Rhodesians, South Africans, French malcontents from Algeria, and others—has all along been the main cause of Afro-Asian complaint. Most other Africans believe that by using them to run his state and support his demand for independence, Mr Tshombe has allied himself with people who are using him for their own ends—the retention, where-ever possible, of white power in Africa. Once these people were expelled the United Nations' next task was, or should be, to try—by peaceful means—to bring about a conciliation between Mr Tshombe's faction and the rest of the Congo. Why is this necessary? It is not only because of the riches of Katanga, although that is perhaps the single most practical reason. The tribes of Katanga have no less of a moral right to claim independence than any other of the world's tribes; but no more. In Africa, where there are countless tribes, few nations, and many artificially-drawn boundaries, it is sometimes argued that the existing boundaries are not important. If this idea prevailed, Northern Rhodesia would lose Barotseland; Uganda, Buganda; Kenya, the Masai, the Somalis and the coast people; Nigeria a dozen parts of itself. There would be a thousand states in Africa and no Congo for Mr Tshombe to secede from—indeed, some tribes might secede from Mr Tshombe, taking (according to their present whereabouts) large chunks of Katanga's rich mining territory with them. Most Africans recognise that Africa is more likely to become modern, prosperous, stable and free if units are large—even when they prefer federal states to unitary ones. Most Congo federalists have given up declaring their provinces independent.

WOULD Mr Tshombe follow their example if it were not for his foreign courtiers? The question has to be asked, but is hard to answer. Support for his Conakat party comes mainly from the Lunda tribe. Conakat won 25 seats out of 60 in the provincial elections in May, 1960; Balubakat, which wants a unitary government and calls Mr Tshombe a white man's stooge, won 22. Most of the other 13 members support Mr Tshombe, who has made plain his distaste for the rule of Leopoldville ever since Conakat was formed in 1959. But the elections were not about secession; the question then was whether an independent Congo should be federal or unitary. Geographically, Mr Tshombe's support is solid in the extreme southern tip of Katanga. He commands pockets of strength elsewhere in the province but not, paradoxically, in Elisabethville or Jadotville. For these reasons his mandate to demand independence is not self-evident; nor is it clear what his precise demands would be if he were free of white influence. A politician quick to seize opportunities—and perhaps, to grasp realities—Mr Tshombe might be a different man at a conference table, with no non-Congolese whispering in his ear.

Certainly it is worth doing what can be done to keep the Congo whole, for the country's sake and in the general interest of Africa. But, equally certainly, it cannot be for the United Nations to pursue this objective by violent means; it is to be hoped that the truce arranged at Ndola on Wednesday can be made to last. After the shock it has had (and the tragic loss it has suffered) the United Nations need not abandon its objectives, but it urgently needs to get back to political methods, methods in which the object is to reconcile conflicts of interest, not to fight them out. That is what Mr Hammarskjöld was trying to do when he died.



Britain's Economic Problem

This is the second of two special articles for The Economist by

Sir Robert Hall, *who retired this year from his post as Economic Adviser to the Government, after having been the top professional economist in the Treasury for fourteen eventful years*

LAST week's article concluded with the argument that under a rational policy for prices in this country it would be necessary to remove the idea that the Government's duty is to mediate between the parties to a wage dispute; its job ought to be to think about the national interest, and to state plainly, in specific cases as they arise, that the national interest is harmed when settlements exceed or fall short of some figure that is consistent with reasonably stable prices. It is only common sense, however, to recognise that no policy in a field which touches the ordinary citizen so closely can succeed for long unless public opinion is behind it. This will require a great effort. Among other things, any government which attempts a wage and price policy will have to recognise that the national income can be redistributed to some extent by tax policy and that taxes must be seen to be fair.

The points where our system is most vulnerable are probably the absence of any taxes on capital gains, and the treatment of business expenses, which leads many firms to somewhat extravagant competition with one another. While it is no doubt very difficult to devise suitable taxes in these fields, we ought to recognise that these are sore points with those who do not enjoy capital gains or expense accounts, and that the whole operation of securing reasonable price stability is immensely more difficult than that of defending a certain amount of roughness in the justice of our taxes. Everyone will have to make compromises.

There is also the problem of economic planning. It is much easier to condemn the absence of planning than to think of effective ways of doing it, beyond the general allocation of resources which goes with a full employment policy. But it is very likely that investment planning could usefully be carried a good deal further than we have done, and that we could spend with advantage a good deal more than we are now doing in finding the answers to the questions that this would involve.

Anything like a national plan would also help towards the acceptance of a national wages policy, if it allowed the body of the community to associate themselves with it, in the form of a challenge. It is almost certainly true that most of us respond better to demands on us than to offers of an easy life, so long as we feel that the demands are made on everyone, just as we prefer on the whole to be law-abiding but resent others being allowed to break the law with impunity.

The Problem of Growth

The revolution in public opinion which would be necessary for a successful policy for stable prices, of the kind outlined above, would be easier to bring about, as indeed would many of the other objectives of national policy, if we could secure a faster rate of growth. Just as our attitudes towards wage bargaining rest on popular beliefs now completely out of date, so in the field of pro-

duction we suffer from out-moded ideas now quite inappropriate to our situation.

The forces which cause productivity to increase are reasonably well understood: they are the division of labour, the use of capital, and the discovery of better ways of production, the latter usually but not invariably associated with an increase in the amount of capital employed. It is very likely that in recent years Britain has lagged behind its main competitors in the proportion of national income devoted to investment. But the experience of the period from early 1960 onwards suggests that there is something else that is wrong. Although investment had been increasing, industrial production (from which the most rapid increase in productivity must be expected) was almost stationary, until recently, while the number employed rose steadily and unemployment fell to very low levels. Even allowing for some reduction in hours, either production should have increased or employment decreased. It is difficult to avoid the conclusion that labour was being hoarded, that is that employers in general were using more labour than they needed, presumably in the hope that sooner or later the Government would take steps to increase aggregate demand. Something of the same kind must have happened between early 1956 and late 1957.

One of the virtues of the competitive system is supposed to be that it induces employers to cut down their costs so that their profits will be increased. But if the Government takes the responsibility for maintaining a high level of demand and thus a high general level of profits, there may be no actual necessity to seek economies: no doubt there is also an expectation among individual producers that the demand for their product will expand some day and that it is better to hold on to labour than to get rid of it and be faced with difficulties of recruitment later on.

Any tendency to hold on to labour is accentuated by the widespread belief, inherited from prewar days, that employment is an end in itself and that it is an anti-social act to throw men out of work. Trade unions in general resist the process and in many cases seem to prefer work-sharing arrangements, and even try to maintain the numbers employed when labour-saving machinery is introduced. When the demand for a product falls or a cheaper substitute becomes available, every kind of pressure is brought on the Government and the possibility of unemployment is used as an argument that is self-evident and automatically convincing, in favour of some kind of subsidy or protection.

Yet when there is full employment, it cannot be doubted that it is in the general interest to use labour as efficiently as possible. To resist this process is not to prevent employers from exploiting labour, but to allow the industry to exploit the rest of the community. It is against the interests of workers themselves that they should be held in works where they are not needed or in industries that have to be subsidised. This is particularly the case where there

are long delivery dates for exports. This is, of course, recognised as a general proposition and the Trade Union Congress has itself tried for many years, though perhaps not very strenuously, to educate its members in the need for higher productivity. But neither management nor labour finds it easy to apply in particular cases a general doctrine which all would accept.

Encouraging Competition

This is an intractable problem and almost the reverse of that of wages. There it is necessary that competition should not have its full effect, because the result would be instability in costs and prices. Here it is necessary that behaviour should be more competitive, in spite of the fact that full employment has blunted its sharp edges. Various suggestions have been made, such as lower tariffs, more severe action against restrictive practices, and a payroll tax, the purpose of which would be to increase the inducement to economise in the use of labour. A reduction in tariffs obviously increases competition when the tariff has in fact been protective: from a balance of payments point of view, it would increase the need for a national price policy. It is very encouraging, to those who believe in British industry, that so many British employers are now willing to explore the possibilities of the common market. On the other hand, it is difficult to see why a moderate payroll tax should make anyone more careful in the use of labour if the existing level of wages has not done so already. But anything that conveyed to the country that the Government really wanted economy in the use of labour would have an impact effect. (Compare the belief that the repayment of tax under pay-as-you-earn when a man was out of work was a proof that the Government did not want him to look for another job too quickly.)

The Restrictive Practices Court has done a great deal to make collective price maintenance more difficult, but even when such agreements have been completely banned there is a strong incentive not to cut prices, arising from the belief that markets are inelastic and price wars expensive. Unfortunately, both beliefs are likely to be correct in most cases. It will always pay a firm to cut its costs, but it may not pay it to reduce its prices far enough to squeeze out its less efficient competitors. Here again, however, attitudes derived from the days of under-employment and deep recessions need to be re-examined. What is needed is a change in the climate of opinion, and a lead could be given by a general revision of Government attitudes. For instance, an industry which was getting into difficulties could be told plainly that if it could not make better use of the resources which it was using, these ought to be employed elsewhere. At the same time it ought to be recognised, more clearly than it is at present, that redeployment of resources is in the national interest and that something more should be done to soften the blow to those immediately affected. It is much easier to advocate the free movement of resources if one's own business or one's own job is not involved. More could be done for those who are forced to change their jobs: and it would often be cheaper in the long run to compensate declining industries once and for all, rather than to go on burdening the community by bolstering them up with subsidies or protection. No one should have the right to determine both what he should do and the income he should receive, but he can more reasonably claim that he should not carry the whole burden of change.

The Changing Role of Investment

There is, however, some reason to hope that the competitiveness of British industry is increasing and will continue to do so under the operation of economic forces if these are not resisted. Full employment, which has made profits generally high and provided a cushion for industry generally, has also produced a disequilibrium position, in that the earnings on capital invested in industry have been in general higher than the amounts at which capital could be

borrowed. This situation could not be expected to last for ever and it has been slowly correcting itself through an increase in interest rates on the one hand, and the ploughing back of large amounts of profit and the raising of new capital on the other, to take advantage of the investment opportunities. It seems likely that as this process continues, and the amounts of capital employed increase, there will be increasing amounts of surplus capacity, in the special sense that there is more capital available than can be used with the existing labour supply. This no doubt explains the very marked tendency in advanced countries with high employment to draw labour from less fortunate countries.

Additions to capital nearly always contain elements of three different constituents: entirely new processes (which may destroy the value of existing capital), or deepening the capital structure (that is, using more capital with the existing labour), or widening the structure (that is, duplicating existing facilities). But a combination of high profits and of labour shortage will give a greater gain from deepening the structure than from widening it, and thus there should be an increasing incentive to those who make the best use of their labour.

Many economists have been somewhat indiscriminating in their calls for an increase in the amount of the national income going to investment, without much consideration of the form which this should take. There is little to be gained from duplicating a plant when there is no labour to operate the extension, yet with full employment this must be the case for all investment which merely adds to existing plants (unless the balance of demand is shifting). Partly as a consequence of this habit of mind, there is then a call for an increase in the total of final demand, because there is "surplus capacity" in the country, even though there may be at the same time over-full employment. It is right to say that we want more investment, but it should be recognised that this will make its greatest contribution where it is most efficient compared to existing capacity and its least where it duplicates it. Surplus capacity and over-full employment together should suggest strongly that we have the wrong kind of capacity. We could, of course, open our doors widely to labour from other countries; failing this we should give them our old plant rather than stoke up the fires at home in the vain hope that it will all come into use. What is needed, then, is more encouragement to those who use their labour efficiently, and more price competition from those who are able to do so. It is very doubtful whether this can be done efficiently by attempts at price control, though we have perhaps set our faces against it even more than we need. But we can hardly expect either a national price policy, or the best use of our resources, until the practice of passing on cost reductions, which is already the habit of many enlightened concerns, becomes almost automatic.

Labour Relations

Finally, there are reasons for thinking that the whole field of labour relations needs to be overhauled in the light of modern conditions. This is not to say that there are not firms, and indeed industries, in which great improvements have been made. It is certainly more widely appreciated than it used to be that it pays management to improve the conditions and morale of their employees: at the same time there has been a change in political and social values, while full employment itself means that workers are no longer compelled to put up with bad employers. But it would be surprising if the weakening of harsh disciplinary forces in any system did not produce conditions in which there was a danger of freedom leading to chaos, which obviously takes place in any organised system without self-control.

In the nineteenth century the worker was very much the underdog, and the history of trade unionism itself is to some extent a history of struggles to modify the law so as to make trade unions first legal and then effective. In the process the tradition of "solidarity" developed and in its time it was a noble tradition.

But the founders of trade unionism would certainly have been far from wishing that this should be divorced from social responsibility, which is one of the dangers that we face today.

Nobody would wish for a situation in which people cannot give up jobs which they do not like, or withhold their labour in agreement with one another. But equally it cannot be right that small groups should be allowed to hold the community to ransom, by appealing to a blind loyalty that had its roots in a different world. The community, which after all consists mainly of workers of one kind or another, should be allowed to protect itself.

Everybody knows about demarcation disputes, the light regard in which agreements are sometimes held, the limitation on apprentices and trainees, and especially about unofficial strikes. In a very interesting article ("Making Industry a Team," *Financial Times Annual Review*, July 17th, 1961) Mr Ted Fletcher wrote recently:

The strike weapon is hardly ever used officially; it is rarely necessary. The typical stoppage is now the unofficial strike, usually of a handful of men at least initially. And because of the changed pattern of production and the interdependence of processes, a very small group can and often does stop an entire works.

This could be extended, since some stoppages can spread to damage much more than one works: a dock stoppage, for example, can undo the painful labours of many exporters over long periods. Mr Fletcher, who has had a long experience in this field, believes that most of these troubles could be overcome by better machinery for consultation, and by a more enlightened attitude, both by employers and by workers. He calls the outmoded attitudes to which he refers "tribal customs" and his conclusion is that: "A major act of leadership seems to be needed to break the deadlock. Only the Government can fill the bill."

No doubt a great deal more can be done to follow the practices of the more enlightened firms, already referred to. But it is also necessary that public opinion should be brought to understand

what is going on, since in the end it is the public which suffers. The questions which need to be examined are the improvement of labour relations from both sides, and the helplessness of the community both against breach of agreement and in its inability to do anything to protect itself from unofficial strikes. Even when a works or a wider area has been brought to a standstill by a strike which is against the advice and support of the union concerned, it is extremely difficult for employers and other workers to do anything to help themselves, because of the danger that goods will be declared "black" and the strike spread. Since the prosperity of the community depends on the size of the national product, the result of action of this kind falls on everyone. But it is more likely to fall on the employers immediately concerned than a general increase in wages, which can be passed on. There is, therefore, a strong incentive to make a settlement, the cost of which can be recovered from the public, rather than to stand out.

ALL the problems which have been discussed in these articles are thorny ones. Our traditions are such that it is repugnant to liberal opinion of all shades to say that there are dangers about the welfare state as well as its obvious advantages. But surely it is our duty, as it was that of our predecessors, to keep up with the times. No one can deny that we have had rising prices, that our productivity does not increase as fast as we think it could, or that anti-social action is found in all classes of society, and not only in the privileged classes of the past. Unless we are willing to think out afresh the problems of our own day, our descendants will have to deal with them. While we wait, our weaknesses will get worse and our prospects in relation to other countries will get worse too. We do not want to be regarded as the somewhat discreditable life tenants of what we received as a great estate.

PARTY CONFERENCES—I



Liberals First

A discussion of the prospect before the Liberals, who have started the season of party conferences at Edinburgh this week



THE most important point to make about the Liberals' 1961 assembly at Edinburgh is that the prospects before it do not yet look sufficiently unlike those that the party faced at Eastbourne a year ago. The Liberals are consolidating, and indeed still noticeably pushing forward, after a period of considerable advance. But somehow the real breakthrough has still not happened—and this in a year when there once seemed to be a unique opportunity for expecting it. The ordinary man still looks at the by-election figures to see how the Liberals have done, rather than whether they have won; it still is not quite true that there are three great political parties in Britain today. Perhaps, rather, there are two and a half.

Let it be said straightaway that a Liberal breakthrough this year has been a pretty close-run thing. The figures that the Liberals like to point to are that they have polled an average of 25 per cent in recent by-elections, compared with about 17 per cent in similar constituencies at the 1959 general

election. If they could raise their average poll by another 8 per cent again they would go above the magic figure of 33 per cent; and above 33 per cent any party in a three-cornered by-election, by definition, has some possibility of getting in. This would be the point of psychological breakthrough; one suspects that, once beyond it, public attitudes to the Liberals might change much more radically than most commentators yet realise.

But the breakthrough past this point ought to have come during the past year, when the Liberals were particularly well-placed to draw in votes from both the bigger parties at once. And there is a special defensive reason why it is important for the party that the breakthrough should come quickly. At least two of the Liberals' six parliamentary seats seem to be held mainly because the Tories did not oppose Mr Holt and Mr Wade at the last election, while a third may be held only because the 77-year-old Mr Clement Davies (majority 2,794 in Montgomeryshire) has a local personal vote behind

him. At the next election the Conservatives may well fight every seat, and Mr Davies's candidacy cannot be counted on for ever; on present form, that election could conceivably see a moderate rise in the Liberals' general percentage of the poll, and a disastrous drop in their membership of the Commons from six to three.

To say this is not to deny the Liberals ought, in all logic, to have derived some enduring sustenance from their brave advance in vote-collecting in the last few years; and, at first sight, one can point to several fields where they seem to have done so. Perhaps the Liberals' most important achievement is not that they have attracted youth and so many young hopefuls to their banner—that is a relatively easy thing for any small and unusual group, including the nuclear disarmers, to do—but that they have held on to the first generation of young hopefuls whom they attracted when their post-1954 recovery first began. The young recruits of those days have felt sufficiently encouraged by their party's advance to stay on with it, instead of drifting away with the feeling that Liberal exuberance is a thing to discard when student days are over.

As a result, the Liberals have quite an impressive team of candidates and workers scattered in constituencies across the country, often now men and women in their thirties rather than their twenties, more and more of them coming to be regarded by local voters as in some way mature, often nowadays of the pushful young executive type. This pushfulness plays an increasingly large part in the organisation of the party both at local and national level, although admittedly sometimes with mixed results; while the organisations of the other two parties sometimes seem to be sunk in torpor, the Liberals always appear to be trying to implement enthusiastic but not always successful reforms in efficiency, which sometimes seem to involve them in sacking older party workers every other Monday week.

Two other achievements of the Liberals, which are partly associated with the new air of greater maturity, are that they have begun to infiltrate members into local councils in some areas; and that in lush Conservative seats, because of socialism's damaged image, they have often replaced Labour as the second party (so that in posh suburbia it now frequently seems that supporting Labour, not supporting the Liberals, is the way to waste one's vote). Yet the blunt fact remains that these are invariably fights to come second, not to win; and that this past year's record has not quite matched up to the opportunities that once seemed to beckon. During the last Parliament, between about 1956 and 1958, Liberals were sometimes taking up to 20 per cent of the vote from the Conservatives at by-elections; they have been taking votes again from the Tories this year, but generally not quite on that scale, although the Tories' recent governmental record has certainly not been brilliant. Similarly, after Labour's third successive general election defeat, and especially just after Scarborough (when many of this past year's by-elections were held), the Liberals really ought to have won a mass desertion of votes from Labour; but they did not, and now that Mr Gaitskell's image has been restored in the Labour party they may take even less.

It is therefore very difficult to be too rosily optimistic about the Liberals' electoral prospects. If one may hazard a guess, it is that, some time soon, they may begin to attract more

temporary protest votes away from the Conservatives, but that these will be insufficient to push them past the breakthrough point, and that anyway such votes will almost certainly prove easier to pick up at by-elections than to hold at general elections. This would be a confirmation that, under a system without proportional representation, there is a limit beyond which a party that relies largely on ogling for protest votes probably cannot expect to go. Instead, the Liberals' brightest hope now lies in striving for a respected national image as "the party that generally proves right in the end," in constantly shouting today (sometimes at the apparent risk of annoying certain temporary protest voters) what most of the country is likely to be wise enough to think tomorrow.

In at least two of the great issues of the day the Liberals have triumphantly achieved this. On the common market (and the associated issue of generally freer trade) and on the most sensible attitude to Britain's changing position in the world (as exemplified by their discounting of the need for Britain's independent nuclear deterrent so long as America has one), they got much more quickly than the other two parties into the position where it has for some time been obvious that most of the rest of the country is likely eventually to go. In the broader fields of foreign policy it is perhaps unfair to say that the Liberals have not contributed many new ideas, because nobody else has either. But in domestic economic policy—which generally has the biggest electoral impact in the end—the Liberals have missed many buses. Worse, they have not always learned the clear lesson from Mr Gaitskell's disastrous 1959 election campaign: which is that the surest (and most ignominious) way of losing votes in this country nowadays is to chase after them so assiduously and self-contradictorily that one can become a bit of a national joke.

The Liberals will deny hotly that they have become this, and—as a sign that they do know where economic policy must soon go—will point to a planning resolution on their Edinburgh agenda calling for "a national income policy... relating to wages, salaries and profits, and at keeping increases in personal incomes within the bounds" set by productivity. But these words simply do not square with the recent resolution passed by the Liberal party council calling Sir David Eccles "high-handed and contemptible" for applying precisely that principle to teachers' pay; and they sit on the Edinburgh agenda beside other motions—which are likely to be passed—saying that the Government is "cynical" not to place a redemption date on War Loan, calling for the repayment of postwar credits, the abolition of Schedule A, the channelling of more factory building to areas of high unemployment (side by side with another motion saying that Britain must become more "cost-conscious"), and for half a dozen other demands to provide more welfare for, less taxes. "Contemptible" and "cynical"? Samuel Johnson, that hammer of all whigs, once gleefully ascribed his success over certain contemporaries to the fact that "the dogs don't know how to write trifles with dignity"; two centuries later, in Boswell's Edinburgh, Liberals might do well to ponder whether there is not sometimes a damaging element of truth in this.

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Democracy and Violence

Turkey's return to parliamentary rule may have had a grave check from the hanging of Mr Menderes

TURKEY is independent, and entitled to run its affairs in its own way. But the Turks do claim to be attached to western standards; they can hardly complain if western opinion is dismayed by the hanging of Mr Menderes and two of his former colleagues. By those standards, to execute men for political offences, even though the act be covered with a white sheet of legality, is wrong. In this case it is also inexpedient and self-defeating.

The present military regime, led by General Gursel, itself came to power in May, 1960, by what was, after all, an illegal act. Its justification was that Mr Menderes's policies were gravely undermining Turkey's young parliamentary democracy. Most people outside Turkey were prepared to concede that Mr Menderes had gone too far, and to accept, at any rate for the time being, the soldiers' protestations that they wanted to preserve, not destroy, parliamentary rule in Turkey. Since then, in spite of a good deal of disagreement among themselves, the new rulers have worked steadily towards the restoration of parliamentary government. A new constitution has been drawn up which contains provisions (for example for a second chamber) designed to check any tendencies towards autocratic rule. Political activity has gradually started up again (there are five main parties), although in a rather restricted way. According to present plans, the military regime is to hand over to whatever government emerges from the elections to be held on October 15th. Now, however, the soldiers have introduced violence into what had been a bloodless revolution. This could be disastrous for them; and for Turkey it is certainly a step backward.

On September 15th, the judges of the High Court on Yassıada passed fifteen death sentences on the ground that the accused had violated the constitution, an offence which carries the death penalty. But in deciding whether to commute or confirm these sentences the National Unity Committee, the military junta, was clearly guided not so much by legality as by political expediency. Evidently the view prevailed in the committee that some deaths were necessary in order to demonstrate that what the soldiers did sixteen months ago was necessary; and who would be better out of the way than Mr Menderes himself? Some reprieves were necessary in order to demonstrate the regime's generosity and humanity, and who more suitable for reprieve than the ex-president, Mr Bayar, an old man of 78? But if the army's desire for blood was not satisfied by one death, why, among those sentenced to be hanged, pick on Mr Zorlu (who, whatever his personal failings, had at any rate served his country well as foreign minister) and Mr Polatkan, the former finance minister? Could it be that their deaths would impress without causing trouble, since neither was a popular man?

Yet if the decisions of the junta inevitably arouse revulsion and misgivings, the compulsion behind them is not difficult to understand. Turkey has come to be accepted so completely as a member of the western community that it is easy to forget that the Turks have had a brief forty years in which to accept

a new identity as a nation-state, assimilate profound religious changes, and learn new techniques of government. Moreover, there has been no deep grass-roots yearning for more modern ways except among an educated, westernised minority. The Turks have had change and reform thrust upon them and they have not always been pleased. Kemal Atatürk tried to propel them forward by administering a series of symbolic shocks, like the abrupt prohibition of the fez. His successors in General Gursel's military junta staged the Yassıada trials, partly no doubt to justify their own coup, but partly also to teach the Turkish people in the most dramatic possible way how their rulers should not behave. It may well have been argued inside the junta that the shock of some death sentences was necessary to hammer the lesson home.

A DEATH sentence, final though it is, can arouse controversies and passions that go on incalculably. The NUC itself was not, it seems, altogether of one mind about what it had done. Mr İnönü, Turkey's elder statesman, pleaded against it. The whole of the cabinet resigned, apparently in protest, although all were later persuaded to change their minds. What the press and the general public think is hard to judge, since discussion of the Yassıada verdicts has been strictly banned. Yet it could well prove that in its effort to demonstrate with finality that there must be no more Menderes regimes in Turkey, the junta has merely helped to keep alive the discords and ambitions that surrounded the former prime minister.

Moreover, by making themselves responsible for the death of Mr Menderes the members of the NUC have themselves stepped down into the political arena. In a sense they had already done so in their efforts to guide the politicians along what they feel to be the right paths. Now they will have a much more direct personal interest in the sort of government that emerges from next month's elections. They will have an additional, and personal, reason for refusing to experiment with a free play of political forces—for this might bring to the top men who would want, in their turn, to challenge the dubious legality of the May, 1960, coup. Thus the shadow of political violence will not be easy to dispel.

This prognosis may prove too gloomy. One must hope so. But at this stage the army is getting more, not less, involved in politics. With the hangings, Turkey's chances of restoring parliamentary democracy peacefully and reasonably quickly have become a good deal worse.

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NOTES OF THE WEEK

BERLIN

A Door Ajar

WHEN is a basis for negotiations not a reasonable one? When either party tries to get the other to concede in advance something that is to be negotiated about. One hopes that Mr Rusk and Mr Gromyko got the conundrum right when they met in New York on Thursday, while *The Economist* was going to press, to see if they could find a "reasonable basis" for negotiations on Berlin. If the Russians insist that the negotiations must be specifically designed to draw up a German peace treaty, which is the position they have sometimes appeared to take, the West will almost certainly tell them that this is unreasonable. The inch-by-inch progress in the last few weeks towards a conference will be halted; and it may not then be resumed before Mr Khrushchev signs his separate treaty with the east Germans and a wholly new, and more dangerous, situation confronts the world.

But the West, too, has a responsibility to be reasonable. Mr Khrushchev has said several times that Berlin can have the social and political system it wants, with freedom of access. The question is whether he will let these mere promises be converted into guaranteed rights. The West cannot require the Russians, however, to commit them-

selves in advance to the discussion of a particular list of guarantees. What they can fairly be asked to do at this stage is to agree that guarantees should be discussed. This much may be possible; Herr Ulbricht, the east German leader, said on September 15th that if the allies wanted to stay in Berlin they should talk things over with the Soviet Union.

If Mr Khrushchev wants to add that he will not allow these negotiations to delay the signing of his peace treaty with east Germany—the position he took in his message to the Inter-Parliamentary Union on September 13th—the western powers need not retire sulking to their tents. It is too late for the allies to hope to stop Mr Khrushchev signing this treaty; what they can try to do is to pin him down to the necessary guarantees first. This gives them perhaps ten weeks. Once the treaty is signed, the period during which the Russians admit to having a direct responsibility for Berlin will be at an end. The West may then have to choose between seeking an agreement with east Germany alone, and having no agreement at all. The first would be unpalatable, the second full of danger. The door to an agreement that might bind the Russians is ajar now, but may not stay so for long.

DISARMAMENT

On the Right Track

SOME commentators have been over-quick to see nothing but futility, indeed deadlock, in the joint Russo-American statement of principles for disarmament that was offered to the United Nations on Wednesday. Admittedly, Mr McCloy and Mr Zorin have cut no Gordian knots between them; did anybody seriously suppose that their talks could have had any such result, against the background of recent weeks? But the text they have agreed on, while no more than a summary of principles, has its encouraging aspects.

The United States has now spelt out, in a document of which the Soviet Government is joint author, its commitment to the goal of "general and complete disarmament." One trusts that the Soviet press will report the fact. What will now replace the steady drumbeat of Russian charges that America rejects general and complete disarmament? What, in particular, of Mr Khrushchev's frequent, and, to put it mildly, disingenuous promises that if the West would accept this goal, Russia will accept any system of control and

inspection the West cares to propose?

The transparency of those promises is newly exposed by the Soviet refusal to include in the joint statement a paragraph providing that, at each stage of disarmament, the amount of arms and the numbers of the forces retained should be verified. Mr McCloy has explained that he agreed to this omission in order to facilitate further negotiation, but without prejudice to the American position on this important point.

Russia's agreement that a United Nations peace-keeping force should be provided with adequate manpower as disarmament proceeds is also spelt out in the joint statement. There are still many problems to be solved in regard to the control, composition and authority of such a force; but it should not be forgotten that little over a year ago Mr Khrushchev and his echoes were tirelessly denouncing the whole idea of a United Nations force as an imperialist crime, an instrument of western ambitions for domination. It is interesting that their conversion, if only in principle, should have occurred during the year of the Congo.

FORD MOTOR

Tempest in a Teacup

WHILE General Motors in America ends its strike over breaks for making water, Ford Motor in Britain looks as if it is to start being strike-bound over breaks for drinking tea. The leaders of the 22 unions representing the 45,000 work people at Ford agreed on Wednesday to a new "wages and hours" offer that would give the men 43d. extra an hour, but negotiations broke down because the company insists either on replacing the ten-minute morning tea break by a tea trolley that would be brought round to men on the job, or else on stopping the afternoon tea service altogether. The Ford wages offer would not have been such a breach in the Chancellor's wage pause as some people have made out. The company promised in June to make an offer if productivity improved and unofficial strikes abated; and these improvements had occurred. On the other hand, the company's insistence on getting rid of the tea breaks is also not as absurd as it may seem. Presumably its insistence has been bolstered by the facts that it does not much mind a strike in the present state of the motor trade, and that it does not regard a "tough" attitude by employers as being bad public relations just now, but these tea breaks have long been a real thorn in its side. Quite apart from their inordinate expense as interruptions to an integrated system of assembly line production, it is during the morning tea breaks that agitating shop stewards make most trouble among the men; and last June Ford had to report that "trouble" meant that it had suffered some petty unofficial stoppage or other on every day except three during the preceding eleven weeks.

The union leaders decided to recommend an official strike on Wednesday because they believed that the "tea service" clause would cause the shop stewards to call an unofficial strike anyway. This is therefore not so much the long-awaited "crunch" in the battle of the wages pause as another round in the union leaders' struggle to control their left wing elements, a struggle which the leaders wage by alternately running after the troublemakers and running ahead of them.

The main wage claim in the engineering industry as a whole will reach a new stage when the unions meet the central employers' body next week; and a massive wage claim for power station workers has been tabled this week by the ETU's Mr Foulkes with four other big unions behind him. Yet it still seems probable that the real showdown strike on the wages pause will not come in either of these industries; the most likely battlefield still seems to be road haulage,

where the wages council has duly sent on a unanimous recommendation for a wage increase, which in the wider national interest Mr Hare simply cannot afford to confirm. It is an awkward outlook that the two main faults of the British trade union system—the struggle for voracious wage inflation which it breeds and the internal competitive struggle for power between union leaders and shop stewards which it incorporates—should now seem to be reaching flashpoints at once.

PARLIAMENT

Reasons for Recall?

IN democratic theory there is obviously ample justification for the plea by Mr Gaitskell and Mr Grimond that Parliament

NOTES OF THE WEEK

should be recalled early from its recess; and it now seems that Parliament will be brought back a week earlier than was arranged. There is unfortunately no lack of interesting issues for it to discuss, ranging up to the possibility of the imminent destruction of the planet itself. But the practical man must still dispute whether the case for this recall has been made out. The two main issues mentioned by Mr Gaitskell as requiring debate were the crisis caused by Mr Hammarström's death (which Parliament could and would deplore, but hardly affect) and the situation in Katanga (which the Government, if a recall of Parliament set Tory backbenchers breathing down its neck, would be liable to handle rather less appropriately than it is handling it now). Moreover, the "inconvenience" of recall

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is not just a matter of calling backbenchers to Westminster from all over the earth. The few weeks between the end of their summer holidays and the re-opening of the Parliamentary grind are the most fruitful weeks of many ministers' working year; among other things, there is a busy schedule of legislation to prepare.

It is always dangerous to carry these "practical" arguments of "convenience" too far. It would be wrong to risk a major inter-party row for their sake. A foreign affairs debate in the week before the House was due to return has been increasingly likely. Parliament must be sitting when great decisions are taken and great initiatives set afoot. But politicians should be careful not to disrupt arranged timetables for reasons of demonstration of eagerness rather than of practical effect. To point out

COMMONWEALTH AND EUROPE

1. The Old Dominions

IT was perfectly clear from the Accra conference last week, and from the detailed official discussions that began in London this week, that the Commonwealth's attitude towards Britain's application to join the common market has grown both more complex and more bitter. The problems divide under the three familiar heads of the Australasian dominions, Canada, and the underdeveloped countries.

For Australia and New Zealand, the especially tough problems concern their dairy products, meat and soft wheat. Because Britain imports so much of its food, and continental countries do not, Britain would be bringing into the European community a huge potential market for Europe's farmers; even as a minimum condition those farmers can reasonably be expected not to grab for it all at once, and to agree that for the time being quotas of the British market should be left aside for traditional (and at present much more efficient) Commonwealth suppliers. (Whether those quotas should be dutiable or "duty free" quotas could become an awkward issue between Britain and the Commonwealth; because the common market's agricultural policy will require Britain's retail food prices to rise to the continental level, "duty free" quotas or even the common market's complicated system of "variable levies" would be an invitation to Commonwealth producers to raise their selling prices to Britain sharply, which could massively swell Britain's import bill.) But the Australasians are probably right to complain that, in the long term, no short-term quota arrangements will matter a damn if the common market's farm prices are set so high that Europe—including Britain—is encouraged to become gradually self-sufficient in foodstuffs; in that case the Australasians would eventually be squeezed out of the British market altogether. So it

looks as if one of Britain's principal obligations to the Commonwealth will have to be to act constantly as a pressure group that advocates the lowest possible off-farm prices inside the European community; and both British and continental farmers will not like this. New Zealanders also have some reason to fear that when Britain's retail butter prices rise to the continental level masses of British housewives may switch to margarine.

Since Europe does not grow hard wheat, Canada's main problem is going to concern manufactured goods; this can presumably only be met by Britain trying to negotiate that the common European tariff should be low on those manufactures and semi-manufactures in which Canada is especially interested. Such negotiation is not going to be at all easy, especially as it cannot easily be separated from the common market's bargaining vis-à-vis the United States in Gatt.

2. Association Misunderstood

FOR the underdeveloped Commonwealth countries, the escape route from real difficulties has always seemed easier: they would benefit greatly by applying to become associate members of the common market themselves. Perhaps the greatest disappointment of all at Accra was that it now looks as if none of the young Commonwealth countries except the West Indies is ready to do this, because they think that they scent some sort of neo-imperialism in the idea. This seems to be a bad mistake. It is true that the relevant passages of the Rome Treaty were drawn up when the

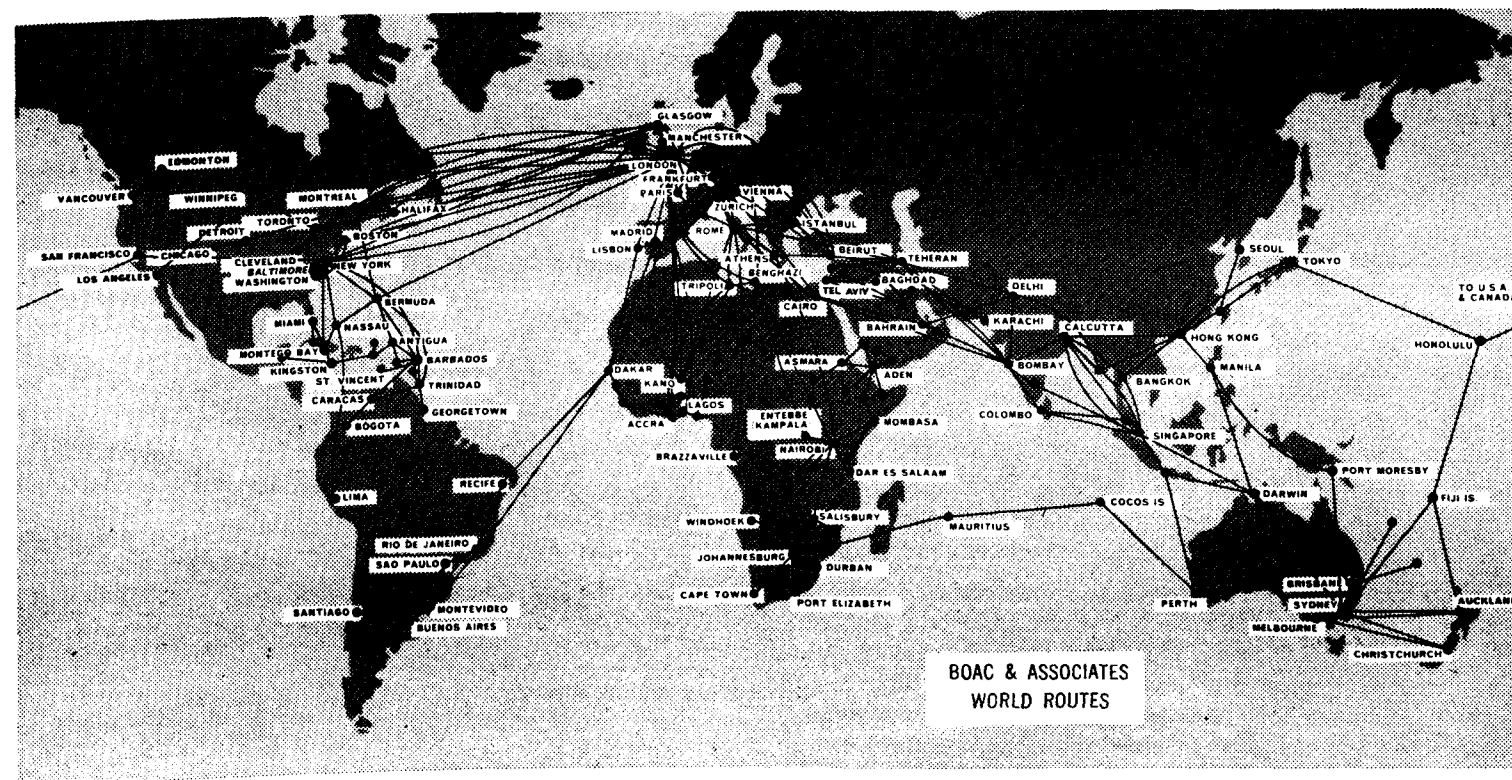
French territories in Africa (which will be the main associate members) were not yet independent, and thus have some smack of colonialism about them; but the new draft proposals circulated by the European Commission this summer clearly envisage association as being an agreement between independent sovereign states—including a council of association with equal representation of associates and full members, etc. One wonders whether the Commonwealth countries in Africa have read these latest proposals before voicing their objections to an associate membership which, by giving freer access for their exports into Europe, must be heavily in their economic interest.

The same applies to all the Asian dominions, from India down. Even before the Accra conference it seemed unlikely that India would apply, and it was recognised that Britain might have a tough task to persuade the Six to open their markets in this way to big Asian associates. But the reasons that seem to be prompting smaller Afro-Asian dominions not even to apply are baffling. Logically, indeed, associate membership would also be the best course for a country like New Zealand, if only the Six would accept it.

Finally, although some of the shrillness of the outcry at Accra can be attributed to the approach of the Australian and Canadian elections, discussion about measures to meet the Commonwealth's difficulties would be much easier if each dominion could coolly draw up a list of what its main requirements for negotiation are: at the moment in each dominion these seem to be matters where three or four cabinet ministers have an equal duty to utter protests at once, and this is an administrative machinery for expostulation rather than negotiation. Would not those dominions that will be most severely affected be wise to pick out, during the bargaining bouts ahead, their own equivalent of a single Mr Heath?



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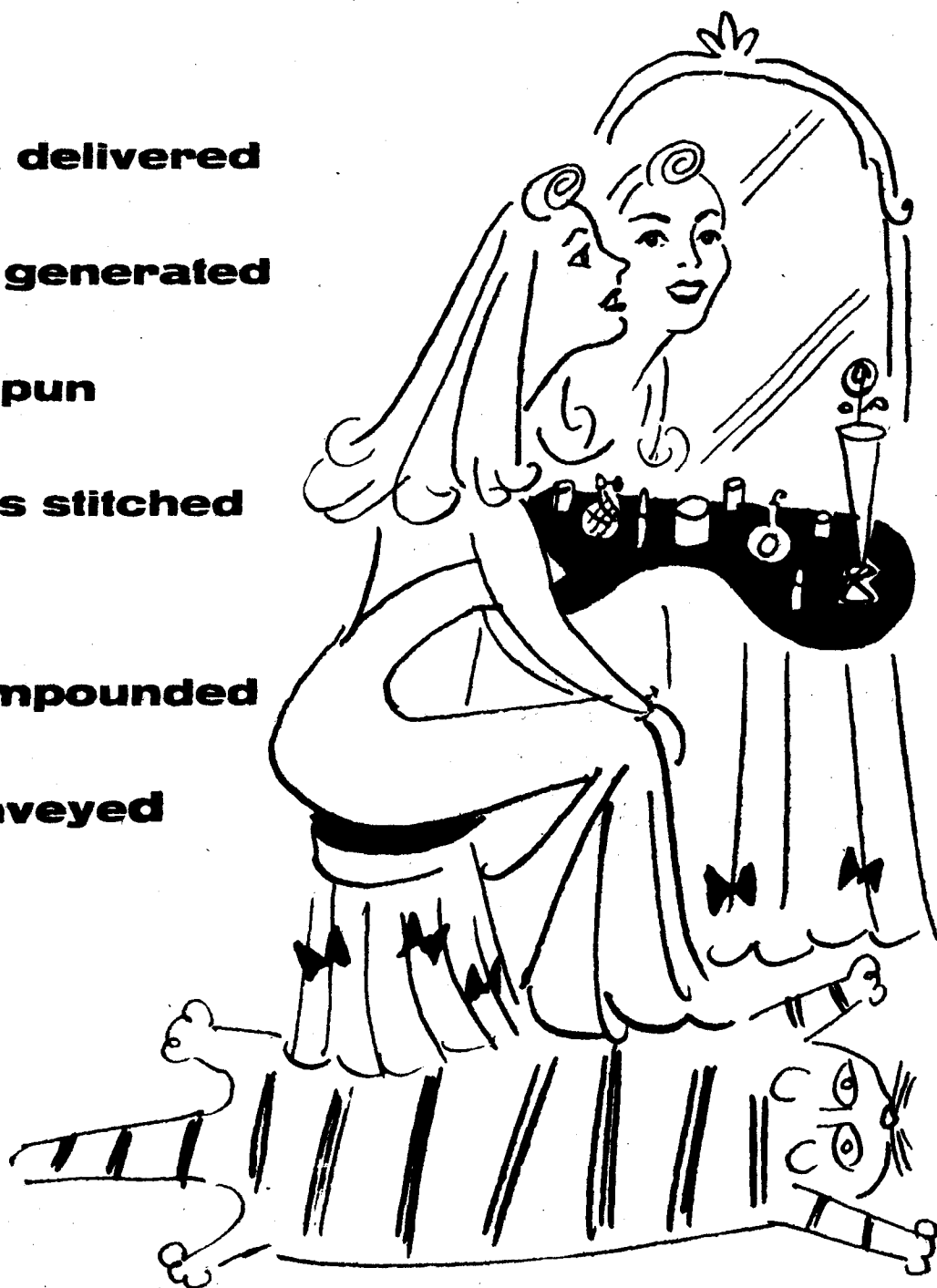
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that this recess's crises have not provided any obvious occasions when Britain could and should take great initiatives after careful parliamentary exposition and debate is not to denigrate Britain's ancient system of parliamentary government; it is, rather, to comment on Britain's new and necessarily less powerful position in the world.

FRANCE

Parliamentary Symptoms

ON Wednesday, the eve of his departure for yet another provincial tour, General de Gaulle let it be known that by the end of this month he would drop the emergency powers which he has held since April. Article 16 of the present constitution allows the president to take "measures required by circumstances" when the regime is in danger. The only other provision of this article is that parliament is entitled to sit during the emergency and that the National Assembly cannot be dissolved.

When General de Gaulle invoked article 16 following the April revolt in Algiers, there were no protests, though there were critics who argued that the weakness of the Fifth Republic did not spring from any legal obstacles to executive action. But protest mounted as the months went by and General de Gaulle kept his special powers in his hands. The feeling grew that the coup had been used as a pretext to deprive parliament of its already limited prerogatives. M. Mollet's socialists, the radicals, the "independents," and even the Christian democrats showed signs of restiveness. With the support of the neo-Gaullist UNR alone, the government felt its position to be awkward.

During the emergency session, the deputies were denied recourse to a vote of no confidence by which they might have sought to bring M. Debré's government down. It was not clear whether they would be allowed to do so in the ordinary session opening next month. Nor could the government use the threat of dissolution against such a move. General de Gaulle has finally decided to drop article 16. Had he done so earlier, his move would have been taken as a sign of collaboration with parliament. Now it is being taken in Paris as a sign that he yields only to pressure. But too much importance should not be attached to parliamentary quarrels; this is not where the battles of the Fifth Republic are being fought. More significant may be the reception General de Gaulle is getting on his tour.

BIZERTA

Acts of Grace

A GREEN light has flashed in Bizerta to allow some traffic in goodwill. Less than two weeks after President de Gaulle's discouraging comments on the subject in his press conference of September 5th,

French troops in Bizerta had begun on Tuesday to remove barbed wire barriers and make themselves less conspicuous on the streets. This voluntary French action provided a soothing accompaniment to the talks going on between the governor of Bizerta and the French consul general, which both believed would lead to a return to normal in the town.

So sudden an unwinding of events has come to pass through President Bourguiba's and General de Gaulle's joint efforts to interpret each other hopefully. General de Gaulle has not disputed Mr Bourguiba's view that the Berlin crisis (but this alone) justifies French retention of the base. Each leader has thus performed his act of grace. New vistas open up from them. If French soldiers can withdraw, without anxiety, to their various cantonments—as now seems possible—talks at a higher level will begin on the future of the base. The note from Paris, delivered on September 6th, that gave President Bourguiba the signal to yield some ground, is reported in Tunisia to have spoken of a "reconversion" of the base and a "transitional phase." These are malleable ideas.

TEACHERS

Standing Pat

NEITHER the Minister of Education nor the National Union of Teachers has budged an inch from previously prepared positions this week. Sir David Eccles's ideas on the distribution of the extra £42 million he has available proved to be almost exactly on the lines of his answer in the Commons on August 4th. Such slight changes as there have been sensibly in favour of better qualified teachers in responsible posts: one's preference would have been to arrange the distribution to give these people even more than they would have got under the Burnham recommendations. Under the Minister's plans no teacher will be more than £30 worse off immediately than he would have been had the Burnham recommendations been accepted: the difference for many will be as little as £5 or £10 a year.

But despite Sir David's cautious observation of the Burnham differentials (and still ignoring his broad hint that in 1963 the teachers can expect another rise, giving them more than Burnham within the period up to the end of March, 1964) the NUT is going ahead with its peculiar strike plans. The union may be commended for its intention to continue teaching the children (its members drawing strike pay, not their salaries), but this tactic also seems to be a confession of uncertainty. It may conceivably attract support in the referendum from some teachers who would have voted against normal strike action, but then the special delegates' conference on October 7th may demand normal strikes after all. Anyway, it is by no means certain that all local

authorities would be complacent about the legal position of classes taught on the union's responsibility (and liability?), not their own. Withdrawal from the school meals service after November 1st may also be interpreted as a breach of educational regulations, as well as a shifting of the burden on to those colleagues who still accept this part of their duties.

The NUT's continued determination to demonstrate had the unintentional effect this week of attracting unusual publicity for the one-day strike (closing 1,000 schools) by the National Association of Schoolmasters, with whom the union is barely on speaking terms. The NAS has doggedly persisted with its plan of campaign over recent months without getting much more than a yawn from the national press. The devaluation of the Burnham committee (on which the NAS was not represented) has removed one of the association's bitter rallying cries. Presumably it can now expect to present its future salary proposals direct to the Minister for official consideration, as the excluded teachers' bodies in Scotland have done there. But without its big grievance the NAS is likely to appear increasingly as little more than an anti-feminist organisation, and now feels bound to compete with the NUT in being more promptly-militant-than-thou.

TELEVISION FEES

Acting Tough

THE actors, of all people, appeared this week in the role of militant trade unionists: Mr Wills, chairman of Associated Rediffusion, took the opportunity of his annual report to shareholders (advertising revenue up 16 per cent) to denounce the "ridiculous demands" of Equity, interpreted by him as a claim for a 260 per cent increase in the minimum fee. Equity points out that, for programmes put out in the smaller regions, it is asking for a 10 per cent increase on the present ten guinea minimum fee—and, strange though it may seem, both sides are telling a version of the truth.

Minimum payments for actors in independent television were originally negotiated when there were only a few contracting companies, and when the maximum audience was some two million. For programmes put out in areas where this is still the approximate size of the audience, Equity is asking only for another 10 per cent. But it argues that an actor should get more for a performance which is "bought" by half a dozen companies other than that for which he is directly working, and which may go out to as many as twenty million viewers: its idea is thus to work out something analogous to a performing right based on the number of people who might see the programme (and thus, tacitly, on the profits made by the producing company from selling its programme to other contractors).

The 260 per cent increase is therefore for the performance fee of an actor whose face is liable to be seen on screens throughout the country; and it should be noted that the union is not asking for any increase in the rehearsal fee which makes up much of the small-part television actor's income. Equity also points out that it has no control over any but the minimum price for actors, and that the market for middle-price performers is freely negotiated. It claims a cultural do-gooding purpose because, by making the minimum payment depend on the size of audience, its scheme would encourage the production of cheap plays by regional networks using local actors. And to those who say that the massive surplus of "resting" actors makes it a weird proposition in market economics that actors' fees should go up now, it retorts that television has created a need for a reserve of rarely-used bit-part players, since one or two appearances in the most popular plays or serials may make an actor's face so familiar that producers will not use him again for months.

Not all of these arguments carry conviction, particularly not the last one. But if a strike does break out on the television screens from November 1st, this—not a wage claim of 260 per cent—will be what it is about.

WEST INDIES

Without Jamaica

MR NORMAN MANLEY's gamble has failed. Despite all the compromises that Jamaica's prime minister wrested from the West Indian constitutional conference in June, the Jamaicans have decided to leave the federation. At the referendum on Tuesday, 54 per cent of the voters refused to accept even the very watered-down form of federation to which Mr Manley was trying gently to lead them. Sir Alexander Bustamante, who for reasons of his own is now leading the anti-federalists, had much to help him. The Jamaicans feel themselves remote from the islands of the eastern Caribbean; the majority of them still believe that a link with the others would be a millstone on their own development. Not rich themselves, they have shuddered away from the thought of supporting even poorer relations. Whether or not they are right in thinking that they can do better on their own, the next stage can only be a series of constitutional moves to extract Jamaica from the federation and set it up as an independent state.

What happens to the federation depends largely on the reaction in Trinidad. Dr Eric Williams, Trinidad's prime minister, is on record as having said that if Jamaica secedes, Trinidad will not carry the other little islands on its own shoulders. It is possible that this was said to bolster Mr Manley's cause. But if Dr Williams does

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agree to carry on without Jamaica, he will probably revert to his earlier insistence on a strong central government. He may win his way. Although it would have meant abdicating a good deal of autonomy, most of the smaller islands have in the past supported the idea of a tighter rather than a looser federation. This is partly because it would mean lower administrative costs; partly because the promise to allow the free movement of people has always been pegged to the idea of a central government that is strong enough to direct such movement. The federation has been floundering unhappily for several years; now that Jamaica has left, it is up to Trinidad to prevent it sinking altogether.

IRAQ

Smouldering Kurds

SPORADICALLY, the aversion that most Kurds feel for being governed by somebody else erupts into boisterous protest. This is now happening in northern Iraq. The large Kurdish minority, disillusioned by the broken pledges of the government in Baghdad, and banking, perhaps, on its frailty, have roughly patched up their inter-tribal bickering and asserted their formidable, if unorganised, power. For the past three or four weeks, Kurdish tribesmen have been challenging the central authority by setting up road blocks and causing general disarray. General Qasim, faced for the first time by a major Kurdish upheaval, has dispatched ground and air forces to the north. But the army, working over a mountainous terrain, is seriously hampered by the road blocks, and the bombing of a few Kurdish villages is unlikely to dampen the smouldering rebel spirit.

The Kurdish leaders had high hopes of General Qasim's "Arab and Kurdish republic." But there has been a long series of disappointments, arising mainly from the procrastination and tactlessness of the central government. The Kurds were irritated by the inefficiency of the land reform scheme, by the order to stop tobacco growing in the area, by new tax laws and by the transfer of Kurdish officials to other parts of Iraq. Their gradually increasing discontent showed itself, at first, in inter-tribal jealousies and warfare. Skirmishes, mainly started by the Barazani tribe, grew serious during July and August. The Barazanians were probably trying to impose their will on tribes less anti-government than themselves.

Because of the years that Mullah Mustafa Barazani, the tribe's most dynamic leader, spent in Moscow, he is sometimes thought to be a communist; if so, the brand is unique. The Soviet Union, which puts out a regular Kurdish broadcast, has been discreetly silent about the Iraqi revolt; it is probably not in Moscow's interest at the moment to help in the overthrow of General Qasim. Outside interference of any kind

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is unlikely; the Kurds, who are a tough, gay and courageous people, are capable on their own of giving the Iraqi army a very hard time indeed. Their exiguous unity is almost certain to collapse once the battle is over, and the pipedream of an independent Kurdistan—uniting the Kurds of Iraq, Persia, Syria and Turkey—is nowhere taken very seriously. The Iraqi Kurds are not fighting mainly for secession; they are fighting for a fairer deal.

HUNGARY

Budapest Reshuffle

CHANGES in the Hungarian government and party leadership were announced on September 13th. They are the most extensive since the 1956 revolt, but they are unlikely to herald any significant changes for the Hungarian people. Mr Kadar has decided to take over the premiership from Mr Münnich, who is old and ailing and whose retirement has been expected for some time. In deciding to combine the leadership of the government with the leadership of the party (as he has done once before, from November, 1956, to January, 1958) Mr Kadar is falling in with the trend started by Mr Khrushchev in 1958 and since followed in Czechoslovakia, east Germany and Rumania. Collective leadership has been going out of fashion in eastern Europe.

The other changes in the government and the party do not suggest a struggle for power, but an attempt to strengthen the regime by improving its efficiency, especially in economic matters. For instance, Mr Arpad Kiss has been put in charge of a new committee for technical development, and has been succeeded as head of the economic planning office by Dr Miklos

Ajtai; both are distinguished economists, and both have been given full cabinet rank. Mr Bela Biszku, who has been a tough minister of the interior since February, 1957, has been promoted to be a deputy premier, and succeeded in his old job by Mr Janos Papp, who got a medal for his part in the fighting against

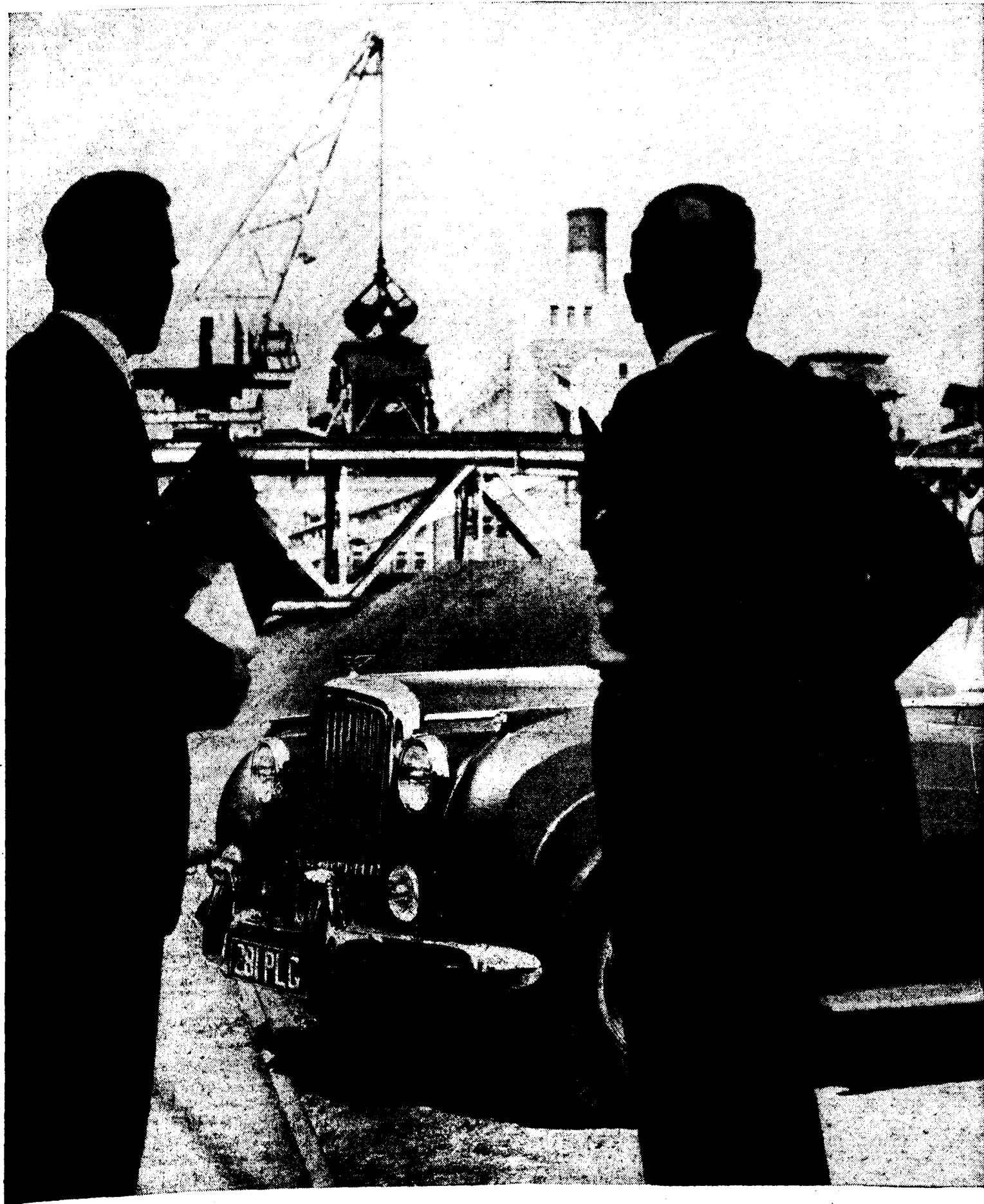


On double shift:
Mr Kadar

the revolutionaries in 1956. These appointments suggest that there will be no slackening of the regime's internal security.

Mr Kadar may have been encouraged to refurbish his regime by the likelihood of increased discontent. Over-hasty collectivisation has already alienated the farmers; the townspeople are annoyed by frequent food shortages, and industrial workers by the recent raising of production norms. Last

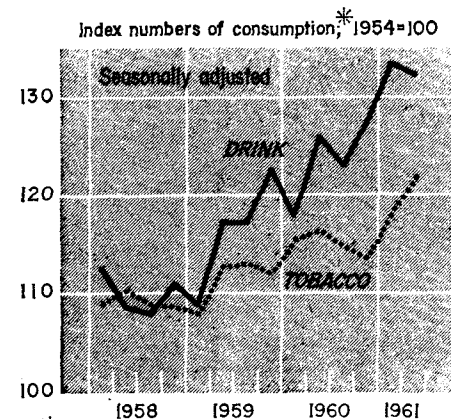
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SMOKING AND DRINKING



Fourteen per cent more wines and spirits and 6 per cent more beer were drunk in the first half of this year than last, though the increase was checked in the second quarter. On the other hand tobacco consumption rose again quite sharply in the second quarter of this year after being stable in 1960.

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the Uganda People's Congress, the opposition party in the central legislature. The UPC draws its strength from everywhere in Uganda except Buganda, and would probably be able to form a government if the traditional leaders of Buganda told their followers to vote UPC in the next election. In the last election, held at the beginning of this year, the Baganda were told not to vote at all; because most of them did not, the governing Democratic party won enough support in Buganda (from the few people who did vote) to give it a majority in the legislative council, in spite of having a minority of votes in the country as a whole.

The conference at Lancaster House is expected to last for several weeks. If this assiduous politicking produces a united and stable Uganda, able to go forward to independence (and perhaps to join an east African federation), Mr Macleod will have turned a trick not so neatly turned elsewhere on the continent.

CIVIL DEFENCE

The Volunteers

THE demonstration by under 10,000 nuclear disarmers in Trafalgar Square last Sunday (their behaviour is discussed on page 1149) made all the headlines. The existence of over 600,000 voluntary members of the civil defence services in England

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and Wales, and 50,000 in Scotland, most of them apparently prepared to face the consequences of a nuclear attack on this country, normally gets no attention at all. The Home Office and Scottish Office have helped to redress the balance this week by launching a new recruiting drive. Even before it, the Civil Defence Corps has been recording an average intake of 7,000 recruits in the most recent quarter-year periods, although the weeding-out of inactive members during this time has resulted in a small net loss in numbers.

People who live in big cities (although even in the London region the Civil Defence Corps has 35,000 members) are apt to be fatalistic about their personal chances of survival in any attack. They are usually unaware of how large a part civil defence plays in the social life of country districts—which are, after all, precisely the places where rescue attempts would have to be mounted after a catastrophe. It is normal to find much more exact knowledge about the effects of nuclear bombardment in women's institutes and church guilds up and down the country, which have had the benefit of lecturers and lantern slides, than among anti-nuclear squatters.

This state of affairs does nothing, however, to remove the general conviction that the authorities are failing to do all that they could, and should, to make the civil defence corps an effectively modern force. The recruiting posters have a coy, 1939-ish appearance. The expenditure on civil defence by the home departments this year has increased slightly, to £18.6 million, but

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Mortarboards
for middle
management

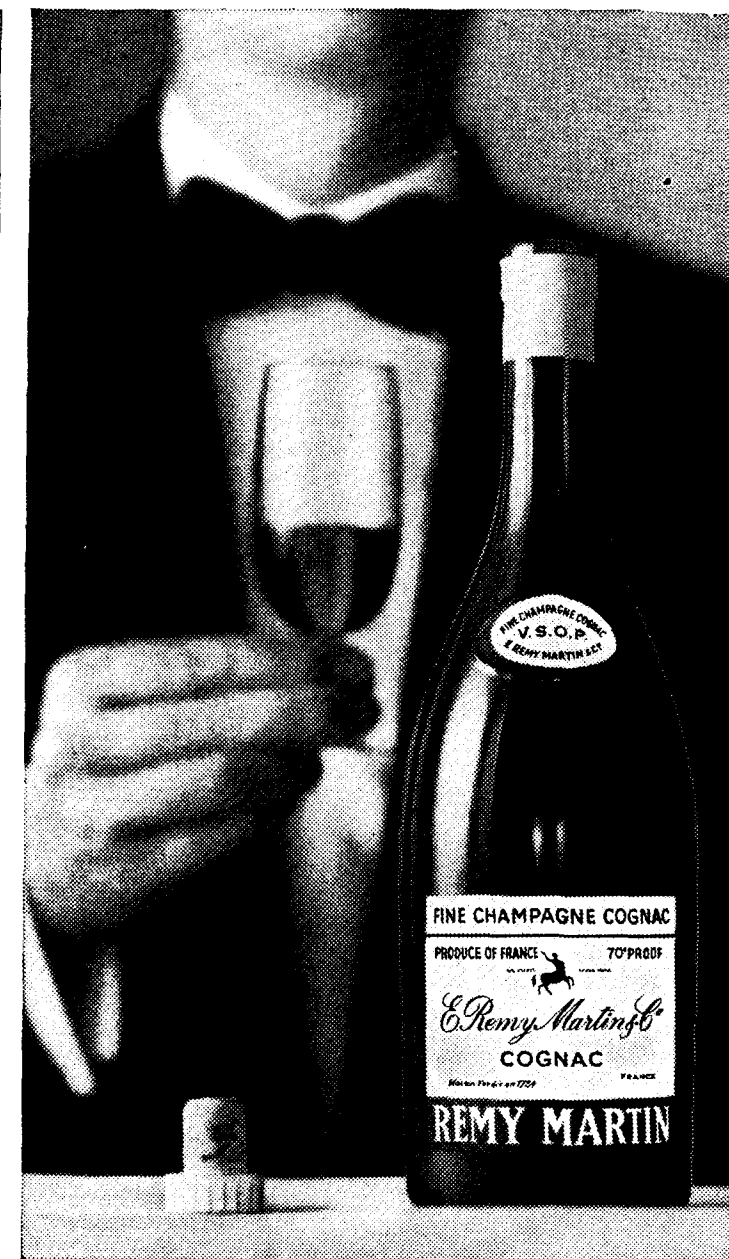
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PRIDE OF COGNAC

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UGANDA

Britain's Katanga

UGANDA is different from the Congo because it is not yet independent and because its most secessionist-minded tribe, the Baganda, have no foreign friends to lean on in their struggle to ensure that the government of an independent Uganda does not interfere with their traditional methods of rule. It is perhaps because of their isolation that the Baganda confounded all the prophets this week and sent delegates to the Uganda constitutional conference which opened in London on Monday.

A conference at Lancaster House without an initial boycott is unusual enough; it will be equally unusual if the conference produces an agreement assented to by all parties. The conference has as its working paper the Munster report, which recommends a strong central government for Uganda, but would give Buganda (where the Baganda live) the powers of a state within a federation. Three smaller tribal kingdoms would be given semi-federal status; their claims to autonomy have been strengthened by Buganda's. There is, in fact, some chance of general agreement on such a constitution.

The reason is that a political accommodation has been reached between Buganda and

The Economist

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THE GREAT EASTERN

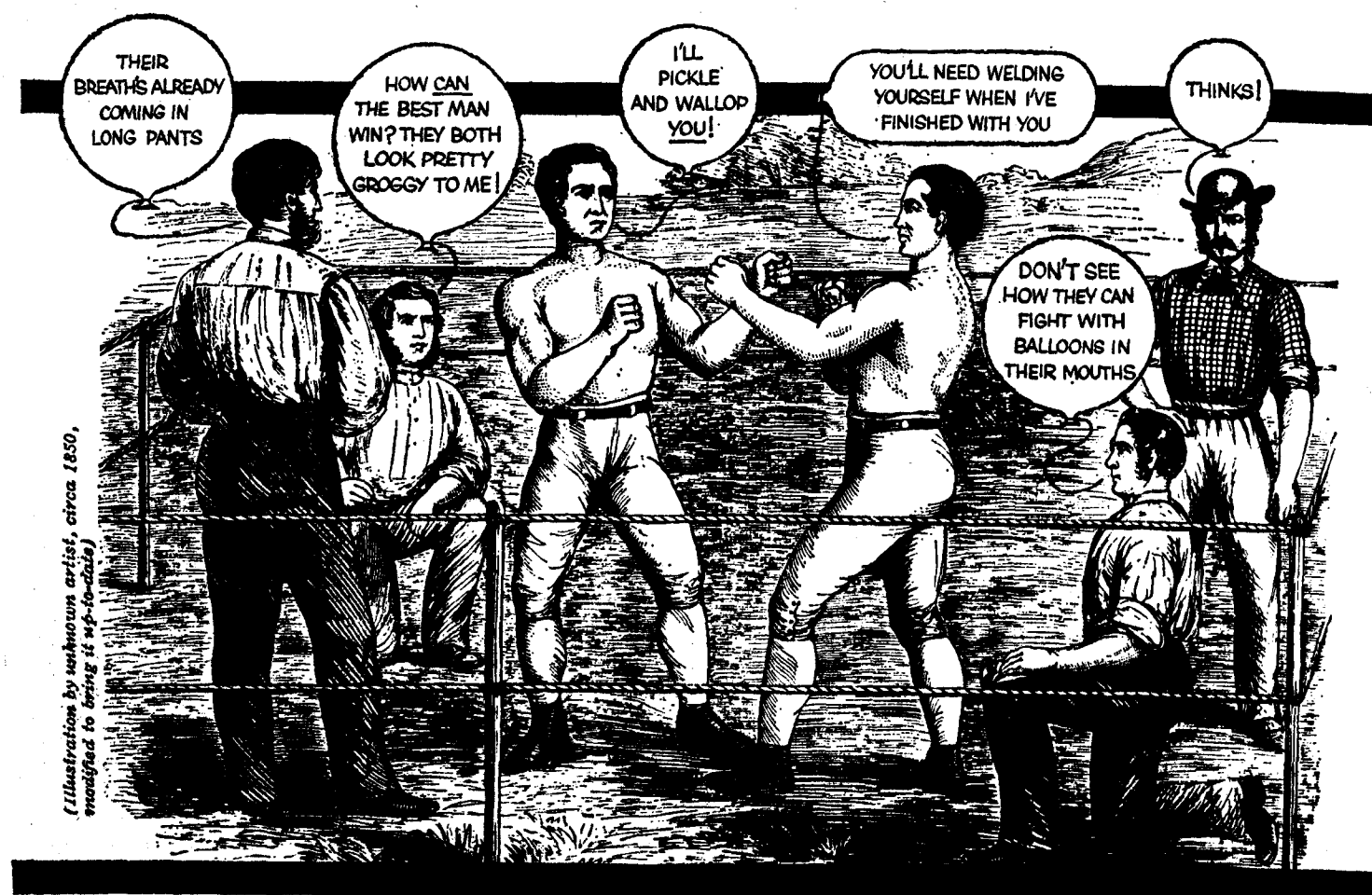
COMMUNICATED BY ONE OF THE
PASSENGERS ON BOARD

Is the "Great Eastern" destined to revolutionise ocean voyaging as her sanguine projectors have anticipated? or, is she fated to be ultimately moored in some river as a floating hospital and exhibited to our passing grandchildren as one of the most monstrous crazes of the nineteenth century? The disastrous voyage from which she has just returned will give weighty support to the latter view; but a narrative of the passage will probably be read... as not being *conclusive* of ultimate failure. . . . Never in the history of navigation was a ship more severely and completely tested, and from the experience of this voyage very definite conclusions may be arrived at as to the qualities and powers of the "Great Eastern." In the first place, her steadiness is a myth. Never did a vessel roll more frightfully. But this was probably mainly due to the insufficiency of her ballast. In this respect, it is probable that any other steamer would have been worse if sent to sea so light. . . . It is different, however, as regards her *pitching*. Of that we have had positively none; and as her rolling was slow and dignified, there was hardly any sea-sickness on board. We have seen more

in crossing from Folkestone to Boulogne on a calm day, than among our 400 passengers for the week we have been to sea. In this respect, then, we consider the principle of the ship a great success. Any one who would be sick on board of her would suffer in the same way crossing the Mersey on a windy day. Secondly, as to the strength and safety of her hull. In this respect she is all that her advocates have ever represented. It is difficult to conceive of any circumstances short of a hurricane on a rocky lee shore which could seriously affect her hull. We feel that the public may dismiss from their thoughts the possibility of its wreck in the open sea. The machinery, too, is magnificent. . . . But there is another requisite to the safety and success of the "Great Eastern" not less important, and upon this subject we must as a public duty be candid, and "nothing extenuate nor set down aught in malice." She needs the proprietorship or management of men who understand the business they have undertaken. It would require columns of our space to enumerate the examples . . . of the most utter ignorance of what has been done for years by other Companies to overcome the difficulties involved in carrying a large number of people several thousand miles in an orderly and comfortable manner.

IS IT PICKLES & WALLOP FOR WELDED

STAINLESS TUBES? Fighting arguments come out into the open



IF it were not for the well-known fact that nobody (except the Directors of Accles & Pollock) ever reads advertisements we should now be in the difficult position of explaining what this one is all about. As it is, all we need do is to state clearly what the Directors would like to read. **HERE IT IS:** For a long time past Accles & Pollock (sometimes miscalled Pickles & Wallop, Anchors & Poppycock etc. etc.) have been known as skilled makers, manipulators and fabricators of cold-drawn seamless precision steel tubes. The Directors would like all fifty-two million of you to know that, not only are they the country's largest producers of seamless stainless steel tubes but that they are also the leading makers of **WELDED** and **DRAWN WELDED STAINLESS** steel tubes. For many purposes, **WELDED** and **DRAWN WELDED** stainless tubes offer considerable economic advantages.

We/I the undersigned hereby declare that I/We have read and nearly fully understood Accles & Pollock's Directors statement about Stainless Steel Tubes and would like a technical booklet about them (the tubes, not the Directors).

Accles & Pollock Ltd
Oldbury, Birmingham. A 77 Company

We should be most obliged if all manufacturers—potential users of stainless steel tubes—would sign the affidavit alongside for the Directors—

78W 323

this is still extraordinarily low by American or Russian standards. Mr Khrushchev's fistful of hydrogen bombs for Britain would, if delivered, leave very little that would be recognisable in the major conurbations: and the ultimate pollution of the northern hemisphere by fall-out would probably mean lingering deaths for most survivors. But there is the strongest humanitarian case for ensuring that what can be done in the event of an attack, and in the cataclysmic days that would follow it, should be done. Britain has a good deal still to learn from other thickly populated areas on both sides of the iron curtain.

EDUCATION

Wandering Scholars

TO the members of the European community, economic integration is the spearhead of an attempt to merge their

societies and face their problems in common. Their plan for a European university in Florence, and their hopes for a gradual harmonisation of examinations which will permit freer movement between their schools and universities, fit naturally into the design. The British, on the other hand, are in process of realising that their European decision has political implications; the idea of it as an influence on every aspect of the nation's life is virtually new.

The teachers' conference on Britain and the common market, organised this weekend in London by the European Movement, is therefore welcome. There are few fields where the opportunities for greater contact and exchange with Europe are more inviting, or the work to be done more urgent, than in education. In university studies, movement between British and Continental faculties has grown considerably in recent years, but differences in curricula and in methods of financing study still stand in the way. Outside the modern language faculties it is still almost impossible for a British under-

graduate to take a year at the Sorbonne or Heidelberg and count it as part of his tripos.

It will take a long time to adapt syllabuses sufficiently to enable schoolboys and students to move freely from one country to another without getting out of the stream. France and Italy have aligned their studies sufficiently to make the baccalaureat in one country a passport to a university in the other. And there is considerable academic movement among Scandinavians. There are exceptions. And while, in education, all countries are different, England (though not Scotland) is, as usual, more different than others.

The state of upheaval in British education must inevitably make teachers and educationists fight shy of further problems. But there is a strong case for trying to meet domestic needs for altered and improved curricula in ways that open the door to Europe at the same time. The scholar's liberty of movement was one aspect of the mediæval united Europe for which nostalgia seems justified.

The Manx Flutter

FROM OUR SPECIAL CORRESPONDENT

CAREFUL of the morals of its electors, the United Kingdom government has taken pains, in its liberalisation of betting, gaming and lotteries law, expressly to exclude the possibility of large individual gains from the management of games of chance. Not so in the epiphytic state of Man in the Irish Sea: there, the power to legislate independently has been invoked to overcome such unprofitable scruples. Manxmen see no reason why governments should shrink from battenning on one aspect of the acquisitive instinct more than on another, no essential difference between a percentage on chemmy and a tax on dividends; and last year, in the full splendour of its Tynwald Court, its legislators begged the Lieutenant-Governor to introduce a bill permitting the establishment of a full-scale casino. But this naked avarice cloaked an altruistic purpose.

The Isle of Man lives primarily by its tourists, who have lately been staying away from the pleasure domes of Douglas in increasing numbers (the 635,000 of 1913 have become the 471,000 of 1960). A commission of inquiry set up in 1955 recommended the dual solution to the island's ills of opening its public-houses on Sundays and setting up a gaming enterprise.

THE resultant bill directs that the business shall be in two sections. The casino is planned to cater for those cartophiles whose interests run to luxury with

their jeux. A lesser establishment, a *kursaal*, is to provide for those who, like Bentley buyers in the Rolls-Royce advertisements, feel diffident about penetrating the society of nobles; and undoubtedly the general run of Isle of Man tourists will flock to this. But whether the first can draw appreciable numbers of wealthy and enthusiastic gamblers from the undoubted delights of Monte Carlo or Deauville to the British-boarding-house atmosphere and cold seas of Douglas or the second swerve many happy punters from courses set for Blackpool or Llandudno, is problematical.

In fact the bill is a model of business-like discouragement—perhaps because of the vestigial puritanism of the legislature and the flat opposition of the Bishop of Sodor and Man. Its one concession to the legitimate desires of the prospective entrepreneur is that he will have the concession for 20 years. But he will pay £5,000 a year for his licence to operate a casino and a further £1,000 for the *kursaal*; he will pass over to the Manx exchequer 15 per cent of the gross product (i.e. turnover) of all games, whether he has a losing run of £250,000 (as Monte Carlo had recently) or not; what games he may conduct will be decided by the Manx Gaming Board of Control, as will the size of the stakes; he will lose his licence if some desperate lout twice disgraces himself in a drunken manner during any year in his gaming rooms (in which liquor may

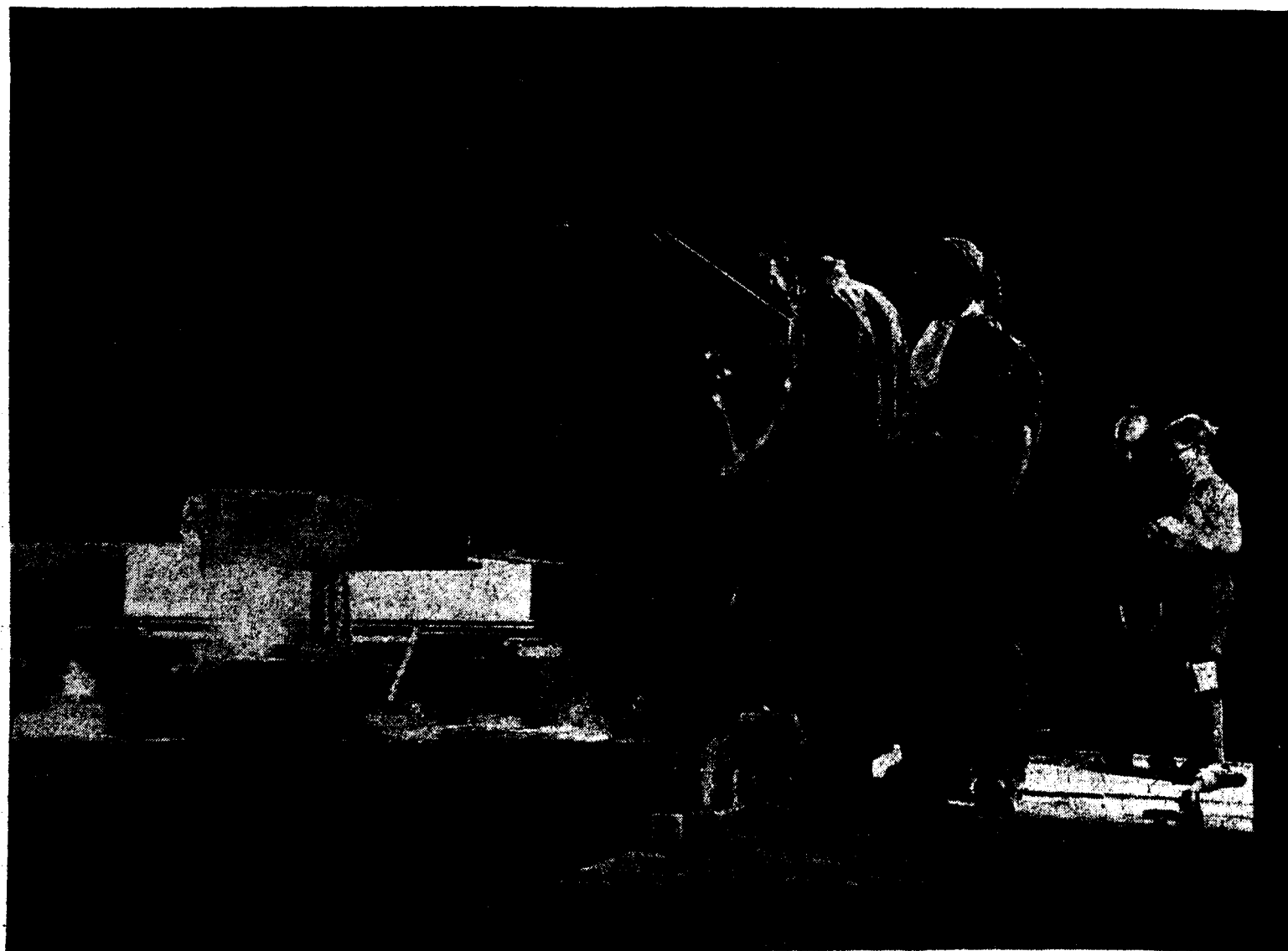
not be sold); his business must cease promptly by 3 a.m. no matter how far the game has gone, and for mismanagement (only vaguely defined) he may be fined from £250 to £1,000.

Even the premises, which he will have to erect before being granted a licence, are defined in the bill. The casino will comprise a 100-bedroom hotel (half the rooms with private baths), a public restaurant of "adequate size" for eating, dancing and entertainments, a swimming pool with sun lounge, a lounge for the sale and consumption of liquor, and a gaming room. The price of land in Douglas, where the casino will inevitably be, is not high: but it is difficult to see how the enterprise can be got under way on an initial capital investment of much less than £300,000.

THE question of who is actually to take on this enterprise is not, however, of immediate import. Tynwald (the combined upper and lower houses of the legislature) resolved on the advantages of the project last year, but that is by no means the end of the matter. The lower house, the Keys, fought among itself for five years to achieve a slender acceptance of the idea before its presentation in Tynwald: but the Legislative Council contains, among its appointed members, the Lord Bishop, bound to oppose the bill, and he and his supporters have now delayed its passage for six months, as it is in their power to do, by a majority of one. So the entire process will have to be gone through again. There is little doubt, however, that after next year's elections the bill will find a wider acceptance and eventually pass into law.

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HOME REPORT

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



SCOTT'S homily (from *The Bride of Lammermoor*) ends with cold comfort: "Easy live, and quiet die." It was in the hope and belief that they might be postponing their easy—and untimely—deaths, as well as maintaining their quiet lives, that Sunday's demonstrators sat still in Trafalgar Square while K and K were arming. Whether this postponement can be achieved by such means is doubtful, in spite of the illustrious intelligences which harbour that hope.

The British campaign against nuclear armaments hardly causes any stir outside Britain. Sunday's sedentary exercise was the largest demonstration of its kind to be seen in London, and the mass arrest of over a thousand people is unprecedented; Fleet Street gave it the full treatment. But, beyond brief factual reports of what had happened, most European papers ignored the lengthy stories cabled by their correspondents, and only *Le Monde* allowed that disarmament and pacifism were actually in the British air; its correspondent cautiously added that "a great and peace-loving people" would come to its senses in a crisis.

The Americans were less restrained, more concerned with incipient neutralism. The Ghanaians were unimpressed by the demonstration, more impressed by the arrest of Bertrand Russell ("In the name of humanity release this poor old man"), as was Mr Nehru. Even the Russians refused to take the demonstrators at their own valuation, and talked of "workers doing battle for peace"—not quite accurately, but predictably.

It is in the light of this small impact on the outside world that the Campaign for Nuclear Disarmament and the Committee of One Hundred ought to be mulling over their future policy. The aims of both organisations have broadened appreciably since their inception, but their main policy remains the "moral" gesture of scrapping Britain's bomb, contracting out of Western defence obligations and ejecting the Americans, to whom they, like the rest of the country, would look if their plans went awry.

The unilateralists have to ask themselves whether, now that they have seen their influence on the Labour party and the TUC slipping away, their original policy still

seems the most efficacious way of promoting the general disarmament that the great bulk of their followers (except those who defend Mr Khrushchev's bomb and his new tests) want to see. What has transpired since the CND came into existence has served to confirm that American and Russian policies (and these are the policies that matter) are based on the balance of power and that any weakening in either alliance is an invitation to exploitation by the other side. Nerv-racking as a stalemate of terror is, those who seek the deterioration of that balance will have much to answer for.

Secondly the disarmers have to ask themselves whether their antipathy to the bomb in Britain is based on their own desire to live or on a desire to defend humanity from destruction. If the former, they have no claim to morality: if the latter, it is possible to deplore their judgment while applauding their moral courage. But the British are prone to overrate their moral influence with other countries. It is not British sentiment that is restraining the Indians from making their own bomb. Is it still seriously contended that General de Gaulle or Chairman

Mao would desist if this country did?

There is every reason for making fears and wishes known by demonstration. But merely reviling one's own government is seldom the best way of earning public sympathy; the demonstrators cannot be unaware that when they crossed swords with the Russian and American ambassadors they had a much more favourable press and earned for themselves a good deal more private applause. One mildly encouraging event that unilateralists might ponder is the informal meeting held at the Russell Hotel last week—including two people from the eastern block, one of them Ilya Ehrenburg—which managed to agree on a resolution calling for general disarmament. This multi-lateral gathering was not incapable of compromise and construction; pressed rightly, other and greater gatherings might do more. As private gestures go, civil disobedience in the puddles of Trafalgar Square may be thought to yield, in conscience, to the tiny, pathetically forgotten band of moralists who this week crossed the Russian border on the last lap of their long walk from San Francisco to Moscow.

Trafalgar '61

FROM OUR SPECIAL CORRESPONDENT

THE Spitfire on its plinth sat quaintly beside the RAF's shiny rocket missile; passing by, a young graduate asked: "Is that old thing really what they won the Battle of Britain with?" For last Sunday was the occasion of the annual parade to commemorate the gallantry of the Few of twenty years ago: led by a splendid moustache, a troop of banner-carrying veterans marched past to the music of a powder-blue band of air force ladies. But it was not for their sake that police in their thousands were lining the streets and huddling into alleyways from Scotland Yard to St Martin's-in-the-Fields. And to most of the young people massing in Trafalgar Square the Battle of Britain was as much a part of dead history as Nelson on his column.

At 5.30 in the afternoon the RAF veterans marched off through the Horse Guards, leaving the following balance of forces in the area: 4,000 police, 7,000 in-

tending demonstrators, another 5,000 curious or idle spectators (and a few malicious ones)—and press, television and radio reporters by the score. The demonstrators' aim was to win publicity for their belief that Britain's possession of nuclear weapons presents a threat to the very existence of humanity. They succeeded beyond the ad-man's wildest dreams, but not without help from the authorities. All aid short of sympathy might, in fact, have been Mr Butler's policy.

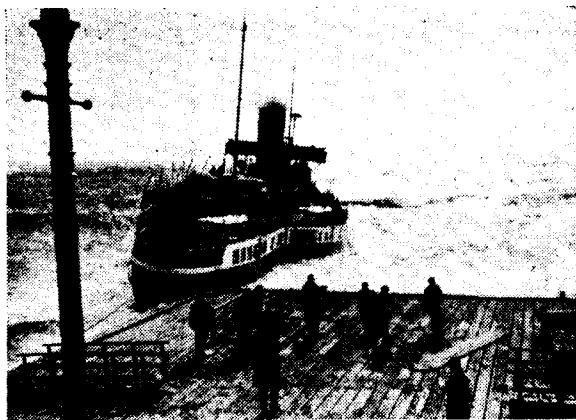
The initial and irretrievable mistake was thus to jail the natural leaders of the demonstration, including the world's most eminent living philosopher, beforehand, thereby ensuring that the affair got the maximum advance attention as well as a certain amount of libertarian sympathy. The authorities indeed removed the organisers who could (had things got ugly) have been expected to keep the demonstrators within the bounds of discipline.

The strategy of the police was to prevent the demonstrators from moving down Whitehall towards Parliament Square; to contain the crowd within Trafalgar Square, which is conveniently enclosed with barriers against jay-walking; to keep those outside the square on the move, preferably away from it; and to remove the groups of squatters progressively as each one became an obstruction. The few exhibitionists and would-be martyrs were dealt with sometimes more than firmly: the orderly majority were carried with indignity, but not undue roughness, to the waiting buses, trucks and other *ad hoc* Black Marias.

The first local problem for those enclosed in the square was that the area splashed by the fountains was obviously undesirable, either for sitters or spectators: another was that a seated person takes up far more ground-space than his standing neighbour, and the spectators had some difficulty in avoiding walking on the prone (although some press photographers trampled indiscriminately in the race to get a good picture of Mr Osborne or the photogenic Miss Redgrave). The crowd thus became more and more tightly packed—your correspondent spending an immobile twenty minutes compressed against a group of Italians eagerly discussing this un-Mediterranean *tecnica della manifestazione*—and pressure at the fringes compelled the police to arrest those who were overflowing into the road like toothpaste from a burst tube.

THE major victory for everybody was the comparative lack of violence. The mounted police are obviously too dangerous for use against a sitting adversary, so that these unpopular figures, often dangerously preoccupied with the safety of their mounts rather than of the public, were not called in. Most of the police showed good humour and common sense. Fortunately this was largely matched by the demonstrators, save for a few tiresome exceptions. A group of young men confessed their disappointment at the general restraint—and their allegiance to Sir Oswald Mosley—to your correspondent. Many of those in the square were members of the comparatively moderate Campaign for Nuclear Disarmament; others were Quakers who could be heard, in the most dignified way imaginable, appealing to the spectators: "Tourists, go home."

But there seemed to be a genuine wish even among some of the most extreme to remove the impression of unwashed artiness that the movement has in the public mind—and which is probably the most effective reason for its poor success among the respectable backbone of the Labour party. Not a few young women sat in, and ruined, their skirts rather than turn up in the blue jeans that would have caused them to be classed as "beatniks." And when the time for reckoning came, most protesters paid up without the speechifying that has sometimes been inflicted on the magistrates trying these difficult cases. No doubt they felt a ten bob fine was not too dear a price for a clean conscience.



Rough Road to Holy Loch

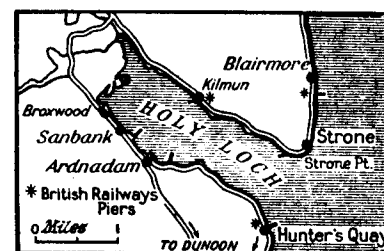
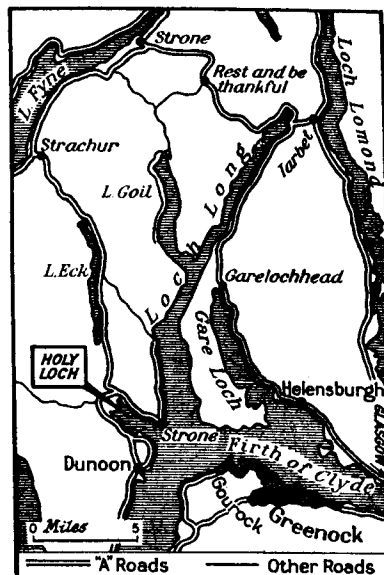
FROM A CORRESPONDENT IN GLASGOW

THE little Anglo-Scots army of less than 1,000 who marched on the Holy Loch for their Sabbath sit-down had perhaps an even more spectacular day of it on the Saturday in a wild summer gale that stopped practically all the cross-firth steamer services from Gourock to Dunoon. More than half the task force organised by the Committee of 100 was stranded on the wrong side of the water. This group, including the veteran Scots poet, Hugh MacDiarmid, staged an orthodox demonstration at Greenock before most of them slipped off home; across the firth, 140 police from four counties arrested 351 of their comrades who had reached Holy Loch ahead of the gale.

Scottish justice at Dunoon Sheriff Court was almost as severe as the storm. The bench was occupied for most of the time by Hon. Sheriff-substitute D. J. McDiarmid, who handed out average fines of £10 (with 14 days to pay) which made the Trafalgar Square penalties seem nominal indeed. The Crown thus netted £2,542 for the weekend's work. Miss Pat Arrowsmith, one of the organisers, was sentenced to three months in jail; in July she had been fined £7 in the same court.

Miss Arrowsmith had sought imprisonment and she got it. She had certainly stood out at Holy Loch as almost the sole identifiable leader. Some muttering was heard in the ranks about the London leadership's preference for Trafalgar Square, but the criticism was not sustained on a day when even some of the top Scots failed to appear. The churches, too, were not conspicuous apart from a couple of Presbyterians and a handful of Anglicans, led by Canon Stanley Evans of Southwark; the clergy were fined £15 with the option of 60 days. The local end of the Committee of 100, which handled the pre-planning from the Glasgow offices of the Independent Labour Party, was aided noticeably by the communists' efficient Scottish machine, but most of the inspiration and all the orders seemed to come from London.

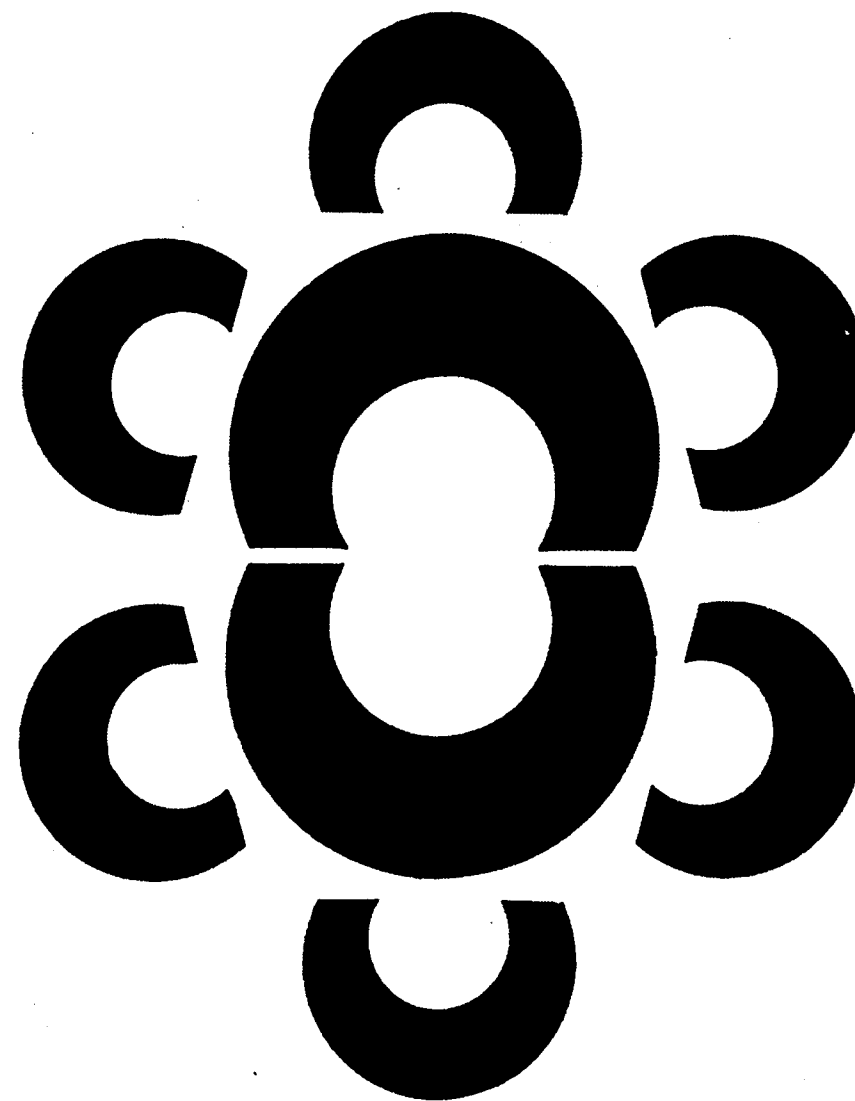
That much was apparent when Miss Ar-



rowsmith announced at Gourock pier (at the height of the gale) that she had telephone authority from London to hire coaches for the 100 miles to Dunoon by road. This idea, however, appealed to only about 80 of the demonstrators, although not a few of them were still asserting that the weather was a put-up job engineered by British Railways on behalf of the Establishment. The charge for the coaches, Miss Arrowsmith said, would be six bob but those who could pay the full fare ought to do so. Two buses were filled and safely crossed the Clyde up-river at Erskine to take the rough sub-Highland road by Rest-and-Be-Thankful and Loch Eck. They arrived at Holy Loch about 1 a.m. when the police were either in bed or having a sedate *ceilidh* in the hotel, and the pickets had to wait for dawn to start squatting.

SINCE the *Proteus* arrived in the Holy Loch, Dunoon's burghers (who are largely retired and wholly respectable) have experienced much that was undreamed of in their philosophy. Nothing surprises them now: tarts from Clydeside, Polaris protesters, even the submarines lying alongside the depot-ship with death in their bellies. On the whole, they prefer the Americans.

The Argyll constabulary were greatly helped by neighbouring police, but hardly an incident ruffled tempers at any time. American sailors came and went unmolested on Ardnadam pier, apart from the odd Glaswegian gibe thought proper to the occasion. Both the police and Dunoon's citizens eulogise the affair in comparison with the rowdy demonstration at Whitsun initiated by the Direct Action group. It is generally allowed in Argyll that the Committee of 100 are far more genteel people.



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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.

Congress Takes its Bow

WASHINGTON, DC

WHEN President Kennedy was elected by a wafer-thin margin and the forces of liberalism lost some twenty seats in the House of Representatives last year, the gloomier political pundits drew the conclusion: Mr Kennedy would get nothing really substantial through Congress and he could either go down with his colours flying or he could strike them. Liberals said once again that the congressional system just did not work for this day and age. Now, with Congress panting limply towards the end of one of its longest and most exhausting sessions, the story is different. Liberals may think that their worst fears are visibly confirmed. But the White House, the Democratic leaders in both Senate and House of Representatives, even Republicans (if they put pride in congressional prowess above pride in party) are claiming that this session has been the most productive since 1938.

The effort has left both houses with more than the usual fatigue of the session's end. By common consent the Senate is avoiding another of the inevitably long-drawn-out fights over the liberalising of its rules and the House has dissolved into intrigues over a possible successor to the Speaker, the redoubtable Mr Sam Rayburn. He became ill a few weeks ago, though he says that he will take up his gavel again. His mantle may fall on Mr McCormack of Massachusetts, the Democratic majority leader, but he is not loved by the White House, partly because of his perfidy over the education Bill this year, partly because of past political vendettas in his home state which is also that of the President. Nevertheless, looking back at the broad pattern over the eight months since the bitter narrowly-won battle which gave the Administration control of the strategic House Rules Committee, it can now be seen that a Democratic President allied to a Democratic Congress has given the country viable government in both domestic and foreign affairs, notwithstanding the cross-bench alliance of conservatives of both parties.

This is not just a matter of totting up the considerable score of the Administration's victories and setting that against its defeats—which, culminating in the rejection of the education Bill and the refusal of the House to surrender its annual control over foreign aid, have produced some very disheartening moments. But a large part of the Kennedy programme, even if trimmed, has become law: an extension of unemployment insurance benefits and of aid to dependent children, help for depressed areas and for Latin America, a \$5 billion housing programme, widened coverage by minimum wages and social security, improved provisions for financing highways and purifying waterways, important anti-racket and crime measures, establishment of the Peace Corps and of a new disarmament agency, farm, sugar and grain Bills, the creation of a record number of new judgeships and

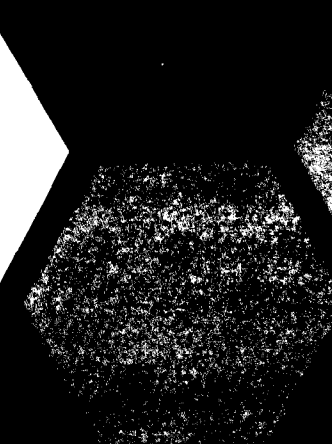
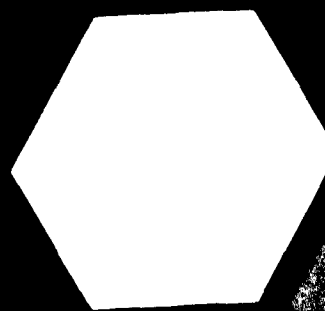
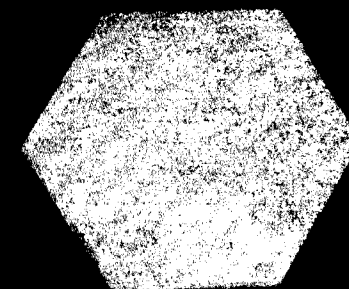
American participation in the Organisation for Economic Co-operation and Development. Along with all this and a mass of minor legislation has gone the necessary business of appropriating the funds for the Kennedy version of the Eisenhower Budget of 1961-62, including three successive increases in the defence estimates, of which the last was rushed through both houses in a fervour of patriotism; there is money available to go to the moon and money to bury oneself under the earth from the nuclear wrath to come.

The President's worst defeat was the comprehensive education measure which is stranded, perhaps forever, on the sandbanks of sectarianism; the minor school Bills finally passed merely mark time until a new approach can be thought out. There have been other casualties. For example, the Senate rebuffed attempts to reform the Securities and Exchange Commission, which regulates the stock market, while the House turned down the reorganisation of the Federal Communications Commission, which regulates the air waves, so that the needed new deal for these independent government agencies is now far off. The farm Bill, which was passed, was merely another round in the successive struggles to make terms with the vested agricultural interests instead of the imaginative new approach which the President had hoped for. Again, the minimum wage Bill extended coverage to less than half the 8 million work-people promised in the election campaign. Almost every Bill has been whittled down except when Congress insisted on 70 more judges instead of only 58 and provided money for bombers that the Secretary of Defence does not want. It has also refused to raise taxes on road users to cover the costs of the new highways or postal rates to cover the costs of the Post Office; nor would it close loopholes or make other changes in the tax laws. The Republicans have used the rising cost of defence as a pious argument against spending money on welfare or social reform.

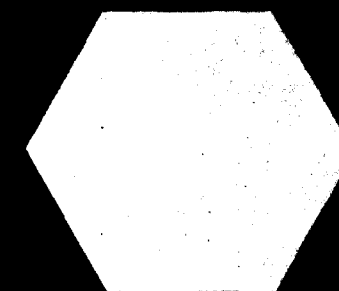
To liberals this is the real, heartrending truth: the session has seen a Judas-like emasculation of brave undertakings, with billions of dollars for defence and a pittance for social betterment in a society leprous with abuses but calling on the world to emulate its free virtues. But such a dour verdict leaves out of account the factor that is only now getting the credit it deserves: a working relationship has been forged between President and Congress, which is based on both his respect for congressional susceptibilities and congressional realisation of his growing strength in the country. Mr Kennedy has not—or not yet—appealed to the people over the heads of Congress. His replies to leading questions on domestic imbroglios in his press conference show, when analysed, a desire to lead and educate, not to ridicule or alienate Congress. He has chosen to handle his relations with "the Hill" as a strictly technical and professional



F.M. CROSS

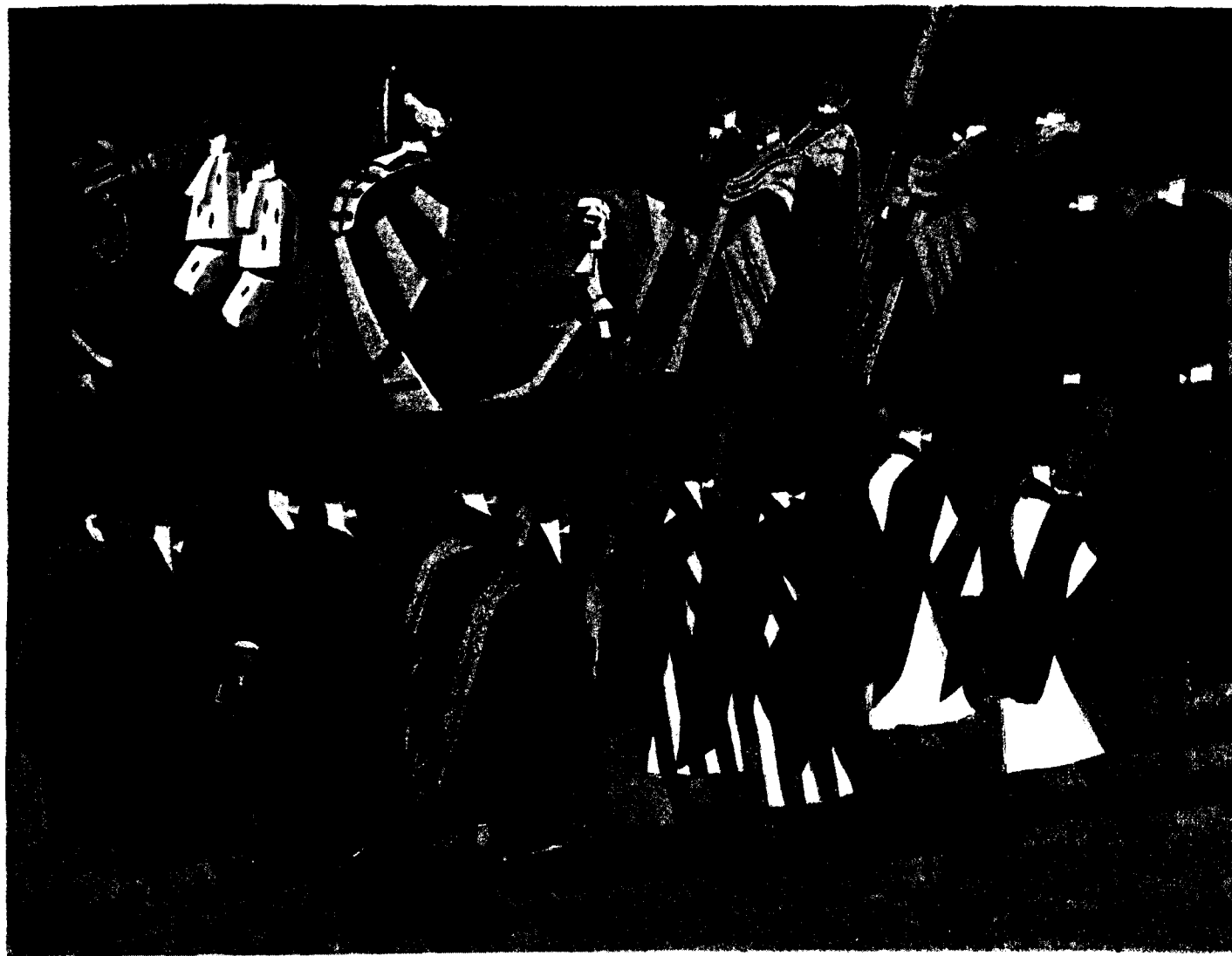


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DEGREE DAY. Traditional climax of Oldbrick's year is tradition, when nobody must do anything which everybody hasn't done always. Degree Day starts the evening before, with the seizing and release of the printing press (twenty minutes) meeting of protest (five) and outbreak of insubordination in Rag Square which, with its Rag Monument and dummy proctors, often extorting dummy fines, is especially set aside for the people set aside to be exuberant.

The actual Procession of Recipients gains in picturesqueness from Oldbrick's more catholic acceptance of the truly pertinent, as distinct from the traditionally O.K., Subjects. We see, proudly displaying their gowns of office, the Bachelors of Film Studio Lighting, the Doctors of Light Reading Suitable for the Family, a Quizmaster of Is There Anything In It, two Ph.D's of Do It Yourself, Disputants in the History of Intercolonial Cricket Part One, a Passman of the School of Examination Passing, two Phobeharmonic Readers in Sunday Paper Musical Criticism, an Honorary Dame Electant of Woman's Magazine Editing, and a group of Public Demonstrators of Ceremonial, Circumstance and Pomp.

Written by Stephen Potter; designed by George Him

SCHWEPPERVESCENCE LASTS THE WHOLE DRINK THROUGH

problem between political managers, a matter of deals between practical men who know each others' power and its limits, as an exercise in the art of the possible.

At the end of the session, after the bitter battles on education and foreign aid, President Kennedy is remarkably popular in the Capitol, where he is from time to time seen unassumingly walking on errands of his own. He has cultivated enemies as well as friends; unlike his three predecessors he harbours no malice against those who go against him. He poses as the young President who modestly desires to weigh advice from his seniors on both sides. As a President hobbled by an evenly divided Congress, he humours—without quite appeasing—the grassroots conservatism this seems to reflect. In time of crisis, he calls for a national unity which sometimes eases one of his projects past the more recalcitrant lobbies and pressure groups.

AN image has been created that has gone down well. Mr Kennedy's popularity "rating" in the country remains consistently high (Americans measure by popularity as naturally as Rome and Moscow do by orthodoxy). The liberals are left to warm their chilled hands on oblique hints that their time is coming. Meanwhile the President presides over an undoubted economic upturn, and has therefore been able quietly to offer to work with Congress in getting the respectably balanced Budget for the next financial year which probably will come in fact almost automatically.

The continuous infighting that seemed inevitable after the opening battle over the House's rules has not happened. Apart from the fierce but spasmodic debates generated by foreign aid and education the session has even been called dullish. The fights have been in committee, on Congressmen's telephones, over coffee in the White House. What is of importance for the future, therefore, is to decide how effective the White House's technique of handling the Legislature has become. The President's own congressional experience has proved invaluable—but its deployment has been limited by his preoccupation with the crisis abroad. The performance of his aides has been very uneven. The farm Bill was mishandled, for example, and so was foreign aid in the House of Representatives; the worst gaffe was over the education Bill. The Democratic leaders in Congress certainly failed the President both on this and to a lesser degree on foreign aid.

The Speaker must be credited with much of what success the Administration had in the House. In the Senate the new leader of the Democratic majority, Senator Mansfield, had an easier task than his predecessor, Mr Lyndon Johnson (now the Vice President); but his authority has grown fast and his aide, Senator Humphrey, who seemed a political castaway when the session began, is now one of the President's closest congressional confidants. But unfortunately relations between the White House and Senator Fulbright, who heads the vital Foreign Relations Committee, have grown steadily cooler.

Margins of victory have been narrow even for compromises, but then they usually are for controversial legislation in the United States. Their very narrowness is an indication that when the President has won he has won something important. And he has been piling up a record of having worked loyally with Congress to get the maximum possible out of it, taking the incidental knocks with good humour. The stage has been set for the trickier session next year when controversial measures like reciprocal trade legislation and medical aid for old people cannot be avoided. This may not be the New Frontier; but it may be as close an interpretation of the electorate's collective will as can be made through American institutions. Possibly there has been too much appeasement and not enough hustling of Congress. But those who think so have yet to argue their case convincingly.

Is China Major?

ONE of the many dangers threatening the United Nations at the moment—and the Soviet Foreign Minister made it clear this week that this one is immediate—is that it will be disrupted by a struggle over the representation of China. If the Communists are seated this would be a serious defeat for the United States and might dissipate the new determination and purpose which President Kennedy hopes to inspire in the United Nations by his personal appearance before it. If they are seated this would also alienate many Americans, some of whom are already far from enthusiastic about the United Nations, just at the time when American faith in that organisation is essential to its future. To many Americans with memories of a missionary past and of the Korean war, any dealings with Communist China are a personal affront; an important section of public opinion is reflected in the repeated congressional resolutions, the latest just last month, against recognition of Communist China or its admission to the United Nations. And even though the leading members of the old China Lobby, the Nationalists' American subsidiary, are now dead or retired there is a strong reactionary trend in the United States at the moment and the Administration can hardly afford to be accused of "softness" on Communist China.

Faced with this situation and with the virtual certainty that this year it would no longer be possible to avoid consideration of membership for Communist China in the United Nations the Administration worked out a new strategy. When the matter comes up the western allies will contend that it is not a mere question of credentials and procedure, to be settled by a simple majority vote, but a "major question" which demands a two-thirds majority for decision. This number of votes, the United States feels fairly confident, will not be available in support of the Communists. Then the United States will propose that the whole issue of Chinese membership and of representation on the Security Council in general should be studied by a special committee to report in 1962, thus in effect postponing the show-down for another year at least.

But this strategy depends at several points on the help of a substantial number of the new African states. They are determined that one of themselves, Mauritania, must be admitted to the United Nations this year. The Soviet Union has said that it will veto this unless Outer Mongolia is admitted also. The Nationalist Chinese, who consider that Outer Mongolia belongs to them, refuse to allow this. In revenge, many of the Africans are likely to vote for the replacement of the Nationalists by the Communist Chinese in the United Nations and against the American plan. To appease General Chiang Kai-shek the United States has now given up for the present any idea of recognising Outer Mongolia. But there is still no guarantee that Nationalist China will not wreck a plan which has been designed only to save it from its fate.

Auto Inflation

AT last the United Automobile Workers and the General Motors Corporation have reached agreement on the non-economic issues—relief periods, production standards, compulsory overtime etc—which had been holding up a settlement. Any local branch of the union which does not get its men back to work at once will now be censured by the national leaders. Only about 25 factories were still closed when the final contract was signed and the production lines should be working almost full out by early next week. Other companies hope to reach similar agreements without any stoppages. So the new 1962 cars can be unveiled with certainty that they will in fact be available for the customers who are expected to pour into the showrooms and to boost this year's poor sales to record levels for the last quarter.

They will find plenty to choose from, 400 or more different models, for the motor manufacturers are no longer confident that they know what the public wants and so are offering a confusing variety to suit every taste—they hope—and to match everything their competitors may have thought of. This year's novelty is the medium sized car, really an inflated version of the compact which was last year's favourite; 35 per cent of sales were of these compact models, America's slightly larger version of the imported cars which had been 1959's great success. So far prices, which will probably run slightly higher than in 1960, have not been announced, partly at least because manufacturers have been waiting to know what wages they will be paying from now on. They also want to know how much they will be paying for steel but no satisfactory answer has come out of the exchange of letters between the President and the steel manufacturers. The latter will not promise not to raise prices when steel wages go up on October 1st but it is thought unlikely that they will in fact raise them, although later there may be selective increases for particular types.

The automobile workers contend that General Motors can easily pay the costs of the new contract—coming perhaps to as much as 50 cents an hour over the three years—out of profits without putting up prices. While this may be true for the motor industry, or most of it, this does not necessarily mean that the settlement is non-inflationary. For it will set a pattern which other unions will try to match and in other industries, with lower productivity, it may not be possible to absorb the additional cost at current prices.

All Eyes on Carla

HURRICANE CARLA had two distinctions as she swirled up from the Caribbean: she was a monster—her "eye" was 50 miles across and her total diameter 350 miles—and like all monsters she moved slowly, at only about 10 miles an hour, although the wind

at her centre reached 173 miles an hour; she was the most looked-at woman there has ever been, partly as a result of her deliberation, with naval airmen flying around her all the time and the Tiro weather satellite keeping a television eye on her from space. All this enabled the Weather Bureau to give very efficient warnings of her advance. As she moved across the Gulf of Mexico onto the low-lying coasts of Texas and Louisiana 28 towns and cities, including Galveston, Freeport and Texas City, were evacuated successfully; 500,000 people, America's largest mass migration to date, moved out. They were wise to do so for, if their homes and businesses were not destroyed by either Carla or her attendant tidal waves and tornadoes, they were badly flooded. As she proceeded inland she deteriorated into drenching rains which did serious damage in Oklahoma, Kansas and as far north as Michigan.

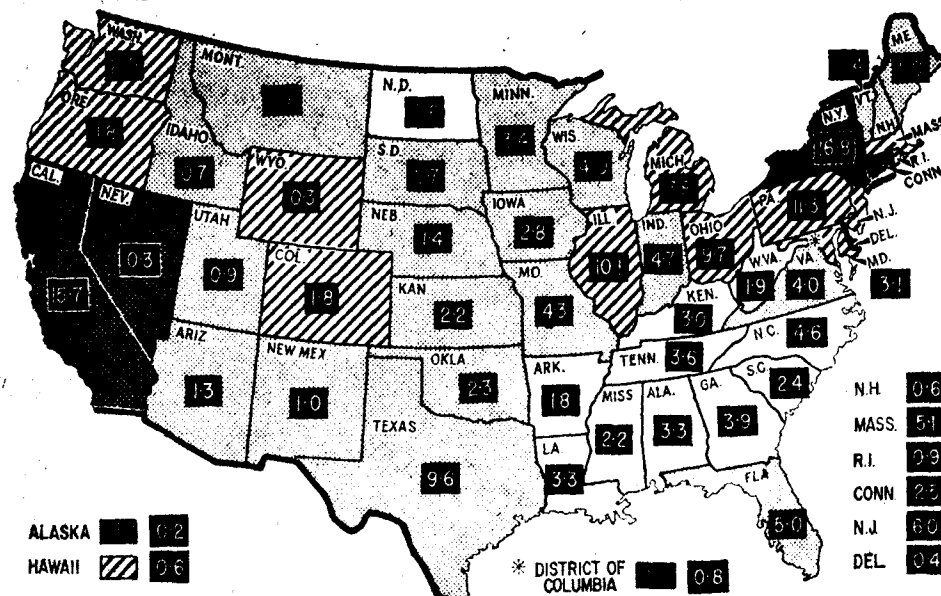
Thanks to the advance warning only forty lives were lost, which compares unfavourably with the twenty taken by Donna, last year's worst hurricane, but is a vast improvement on the hundreds killed by such predecessors as Audrey in 1957. Advance warnings did little, however, to reduce the financial damage, which is valued at perhaps \$500 million with crop losses in Texas alone, mainly rice and cotton, amounting to \$140 million. Some 4,000 insurance assessors rushed into Texas and Louisiana almost before a stream of cars had brought back the evacuees. But claims are expected to amount to less than the \$100 million odd which was paid out after Donna, largely because she travelled up a long stretch of the heavily industrialised and built-up north-east coast—not that the Gulf coast is unindustrialised nowadays. But much of Carla's devastation came from her trail of floods and these cannot usually be provided against financially. Perhaps Congress will now turn again to the matter of government insurance against flood damage; it has considered this before but always puts the matter aside once the emergency is over. The government does insure farmers against losses of crops. But such flood insurance would in any case be too late to comfort the refugees and relief workers who are now cop-

DISTRIBUTION OF AMERICA'S WEALTH

Average personal income a head for whole United States in 1960—\$2,223

Shading indicates each state's percentage of national average in 1960

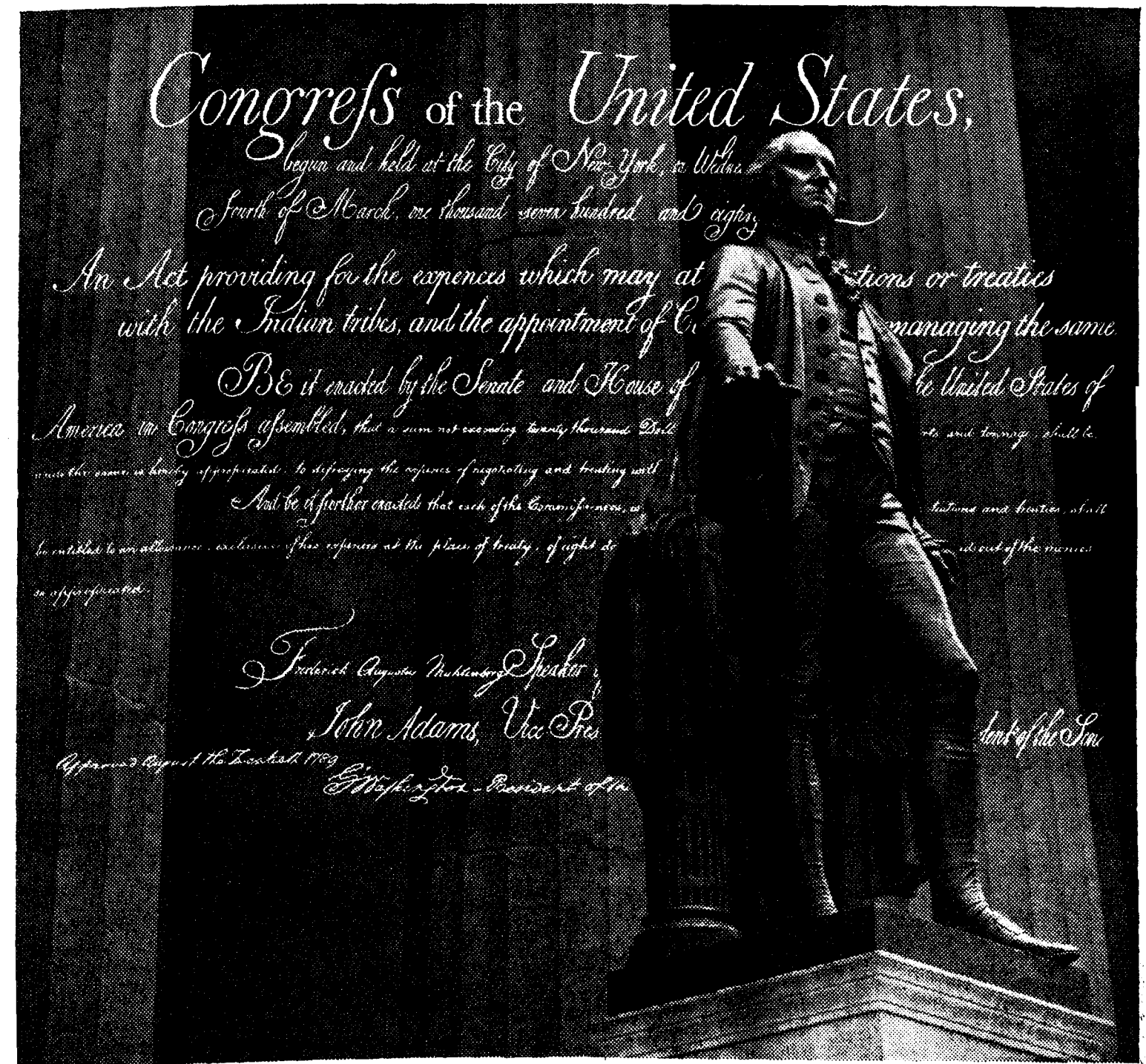
More than 120% 100%-120% 80%-99% Less than 80%



Figures show population of each state in millions

High average incomes and a large population make New York the wealthiest state in the union, with California an increasingly close rival for first place. At the other end of the scale is the small state of Vermont (where total personal incomes amounted to \$727 million against New York's \$47 billion in 1960) and the sparsely-populated state of Wyoming. Spread evenly over each man, woman and child, the averages were highest in Delaware (\$3,013), the national capital, Connecticut and Nevada (where tourists' gambling makes profits for a very small resident population) and lowest in the two southern states of Arkansas (\$1,341) and South Carolina.

Over the last ten years, personal income a head has increased nearly 50 per cent for the country as a whole. Generally speaking the poorer states (and particularly those in the South) have been gaining ground on their richer neighbours. Alabama has increased its average income by 69 per cent since 1950 and Arkansas, Oklahoma, Hawaii, Kentucky and Mississippi have all registered gains of over 60 per cent. The slowest-growing states over this period have been Montana (an increase of 26 per cent in income a head), Rhode Island, Michigan, Iowa, South Dakota and Washington.



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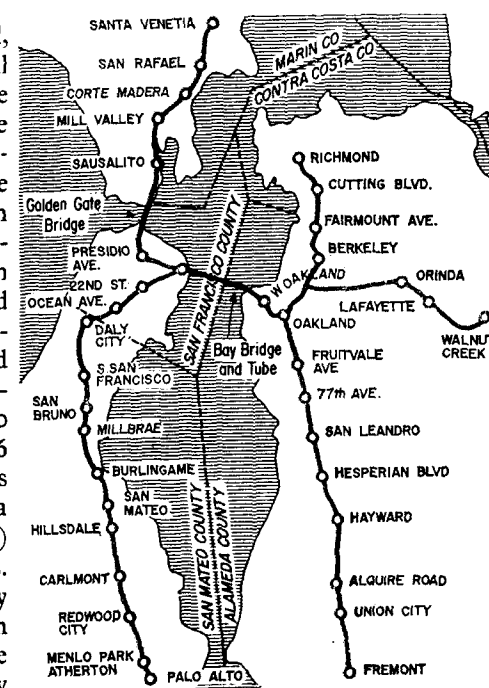
ing with Carla's ruins and with the threats of typhoid from polluted water and of poisonous snakes driven in to town from their swamps by tidal waves. And the hurricane season is not over yet ; Carla's successor, Debbie, caused discomfort only to travellers on the Atlantic but Esther is now threatening the eastern seaboard.

San Francisco on Rails?

FROM A CORRESPONDENT IN CALIFORNIA

For ten years, public agencies created by the State Legislature have been studying the possibilities of building a system of metropolitan railways that would break this vicious cycle of multiplying motor cars and expensive, space-devouring highways. The services of top-flight engineers, economists and other specialists were enlisted; before a start could be made, basic plans for the use of land and estimates of future development of the region had to be formulated, for the first time. The result, published in 1957, was a general blueprint for a rail system, 123 miles long, linking the five central counties of the region, with emphasis upon providing access to the San Francisco-Oakland-Berkeley core. Over this network would run lightweight, air-conditioned and very nearly noiseless trains, at speeds up to eighty miles an hour, directed by a central computer for maximum safety and efficiency.

The plans made ingenious use of existing facilities and rights of way, such as those of once prosperous, now abandoned, suburban railways or the centre strips of motorways. In heavily built-up areas, the lines would run underground; where feasible, they would be on the surface; but over more than half the system they would be up in the air, mounted on pre-stressed concrete structures. To reach San Francisco from Marin County, to the north, the trains would cross the Golden Gate Bridge, using a new level to be constructed beneath that of the roadway. At the very heart of the system, a four-mile underwater tube would connect San



Francisco and Oakland, leaving the present Bay Bridge to carry motor cars on two levels and to provide financing for the tube from their tolls.

The advantages of such a system are impressive. Each line could carry 30,000 seated passengers an hour each way—as many as could travel on five six-lane motorways. Travel times could be cut; well sited stations would improve the lot even of those favoured commuters to the south of San Francisco who still have a railway to bring them to town, but who find themselves dumped at journey's end in a dismal section of the city, far removed from offices and shops. Vital space would be saved; San Franciscans shudder at the example of Los Angeles, where streets, motorways, parking and loading facilities now take up two-thirds of the land area of the central business district.

DESPITE such alluring prospects, and the horrors of the only alternative in sight—more motorways and greater congestion—approval of the Bay Area Rapid Transit District plan is no foregone conclusion. It must first be passed by the Board of Supervisors (the chief governing body) in each county concerned; failure of a board to approve the scheme will mean abandonment of that county's portion of the project, a step that would be damaging from any of the five and fatal from the central ones, San Francisco and Alameda. Even with the Supervisors' approval, there will remain the necessity of winning at least 60 per cent of the votes cast in a popular referendum next year in these same counties on the financing of the scheme. The State Legislature greatly improved BARTD's chances of success by substituting this figure for the two-thirds approval normally required in referenda on bond issues. Typically, the sponsors of the new scheme were careful to refrain from pressing legislators officially on this Bill; a hallmark of their performance to date has been consummate skill in the intricate diplomacy that is involved in carrying through such a huge and complex project.

Local groups who want the lines underground instead of in the air (this doubles the cost), enthusiasts for radical devices such as monorail who consider the automatic trains of BARTD old hat—these and countless others must be cajoled, educated, or in the last analysis got around, if the plans are ever to materialise. The latest and most alarming road-block is the refusal of the officials in charge of the famous Golden Gate Bridge to allow it to be altered to carry lightweight trains. Just this month they even refused to seek the opinion of a board of impartial engineers, but conceivably they may change their minds when people in Marin County (which would be excluded unless the bridge can be used) realise how costly such isolation would be. Fortunately the general routing of the system is dictated by topography; mountains and bodies of water, although they increase the cost of construction, also prevent much haggling over the location of lines.

But the biggest problem remains the ordinary householder and his unreasoning love for his automobile. BARTD is not out to replace the private motor car; on the contrary, its plans include parking spaces for 43,000 of them at stations. But the new scheme would probably add from \$25 to \$35 a year to local rates for the owner of a middle-class house. Fares will cover only operating expenses and the purchase of rolling stock, not the cost of construction. The mere mention of a \$1,078,000,000 bond issue has an intimidating sound. In contrast to the huge interstate highway programme, metropolitan transport cannot count on federal subsidies; Congress is now providing some money but only for planning and related purposes, not the kind of capital that San Francisco needs. To the citizen, the costs of driving his car to the city every day are not fully apparent; BARTD plans an intensive campaign to educate him, as well as to point out that the alternative to a billion dollars for public transport is almost certainly a billion and a half dollars for more motorways. Some have suggested brief broadcast reminders of the delights of

ights of

rapid travel by rail, timed to reach the radios of motorists tied up in traffic on the Bayshore Highway at five pm every weekday, but no one can tell whether such shock tactics would overcome the inevitable core of "No" votes which any bond issue brings forth.

The relation of BARTD to the broader problems of metropolitan planning and government is not yet clear. Part of its success so far has come from sticking firmly to its business: getting the transport system built. A major attempt to create a Golden Gate Authority, aimed at eventual co-ordination of all transport facilities—bridges, airports, seaports and public transport—recently failed in the Legislature, despite support from the Governor and a series of concessions to the critics; these ended by doing more harm than good, by taking most of the point out of the proposal. One thing seems certain, at least: the BARTD plan, made a reality, would bind the Bay Area together in a tangible way; the important intangibles might well flow from that.

Credit Cards In Debt

ALTHOUGH Americans are well known for their addiction to buying off the cuff, the promoters of multi-purpose credit cards (which enable holders to purchase without paying cash from long lists of restaurants, hotels, shops, airlines and so on) have found the business a good deal less lush than they had hoped. Apart from the credit operations of banks and finance companies, only three credit cards are still in the running and even this is proving too large a number for comfort. Indeed, the only company to be showing a profit is Diners' Club Inc., which introduced the first such card with conspicuous success to begin with and which can now claim over a million card holders running up bills to the tune of \$140 million a year. So far the American Express Company, which introduced its credit card nearly three years ago with the firm intention of dominating the field, has failed (with its 750,000 members) either to dislodge Diners' Club from first place or to make its credit card operation profitable. The third and least happy of the triumvirate is Hilton Credit Corporation, whose Carte Blanche lost \$4.2 million in its latest fiscal year.

The present unprosperous state of the credit card companies (even Diners' Club has been slipping) is due mainly to the fact that they have been unable to build up their volume sufficiently to justify the very large investment in the business machines that offer the only economic method of processing a mass of small bills. The general public has not taken to the credit card in a big way; a survey by the Federal Reserve Board showed that it is still used mainly for business dining, dining and travelling. Moreover, in trying to increase their respective shares of a definitely limited market, the companies have had to keep their annual charges to members unreasonably low; this week, however, American Express has taken the plunge and revised its fee from \$6 to \$8. In many cases the companies claim that they have made excessively generous arrangements with the retail outlets which honour their card (and who pay a commission on the resulting business). Yet another problem is the tendency of restaurants and shops to accept the cards as an indication of credit worthiness and then to bill the customer directly to sidestep the commissions charged by the clubs.

For some time now the credit card companies have been looking to another round of mergers to solve their problems. Diners' Club and American Express have repeatedly explored the possibilities of joining forces, but so far these talks have produced no results; a major obstacle is their belief that the Justice Department would not look kindly on such a marriage. Now Diners' Club has turned its eye to Hilton's Carte Blanche which, though a dubious asset at present, would bring the large chain of Hilton hotels into the fold and which also shows substantial past losses that could be used advantageously for tax purposes. Meanwhile, the potentialities of cash are not being altogether overlooked: members of the Cash

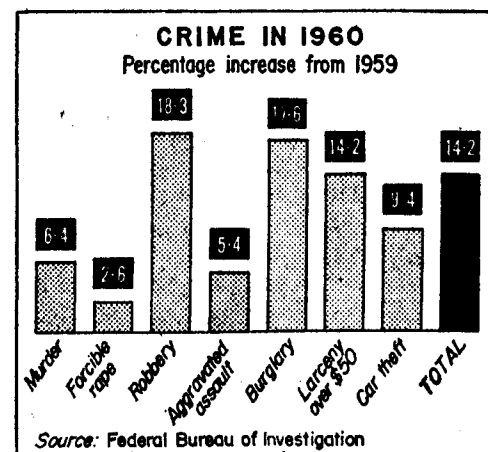
Card International Club qualify for discounts of 5 to 40 per cent at shops which belong—providing that they pay cash.

Arresting Crime

CONGRESS has given the federal government three sharp new tools for dealing with organised crime—the most sweeping strengthening of the federal arm for thirty years. It would not have been easy for the legislators to go home without doing something in view of the report of Mr Edgar Hoover, the head of the Federal Bureau of Investigation, that serious crimes have virtually doubled since 1950—the year before Senator Kefauver's sensational hearings. In fact Mr Kennedy, the Attorney General, has obtained only about half of the new laws which he requested but it is the more important half. The federal government needs to be brought into the picture because criminals have become too wealthy, too powerful and too mobile to be controlled by the states, which are responsible under the Constitution for dealing with most crimes. But to get authority to intervene the crime-busters have had to ask for some oddly designed new laws—odd, at least, to foreigners.

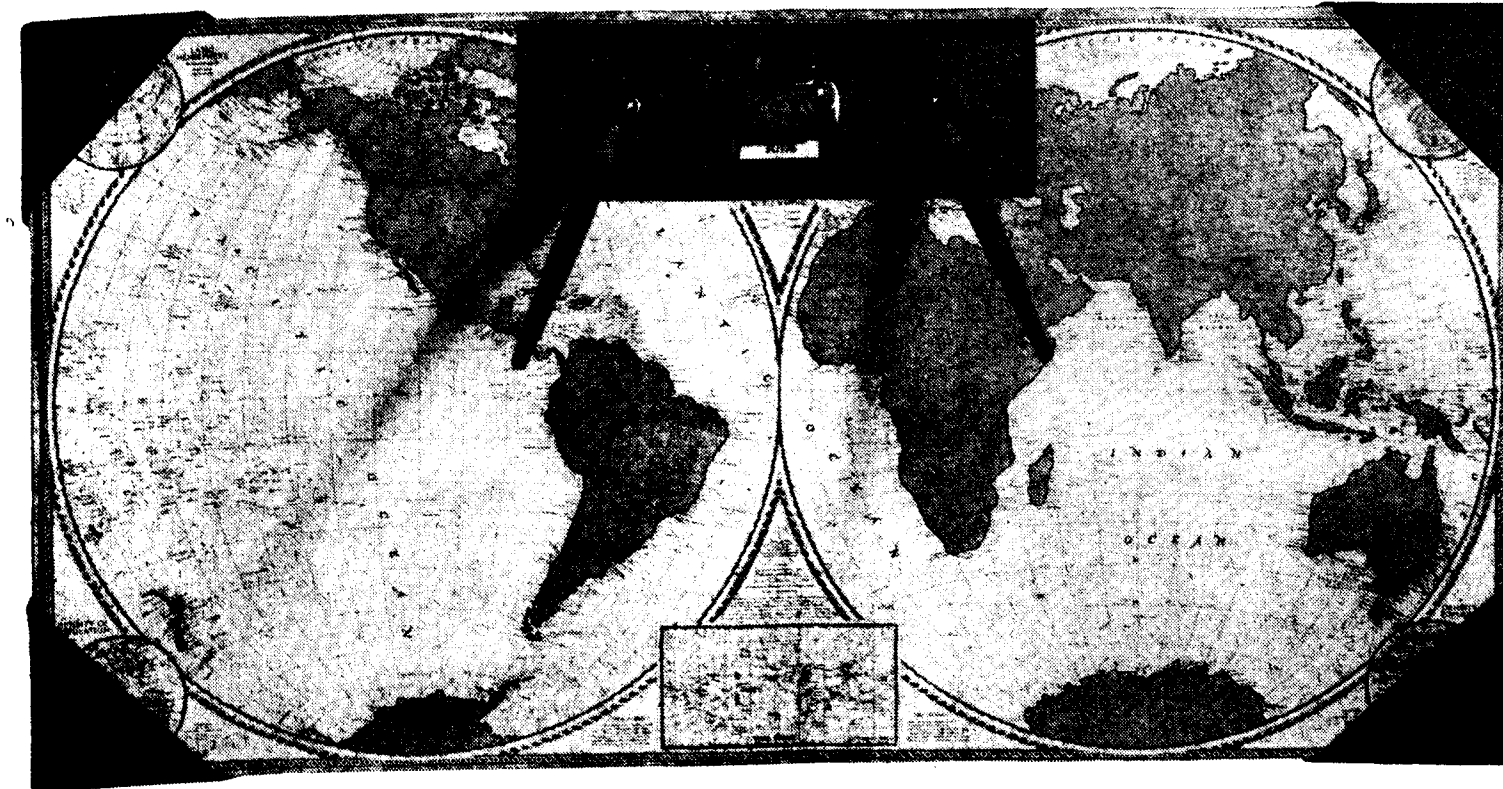
One of the new trio makes it a federal crime to cross state lines or to use the post to distribute the proceeds of gambling, prostitution, sales of narcotics or illegal liquor. This is because many of the king-pins of organised crime or vice sit comfortably in one state, out of the reach of the law-enforcement authorities in the state from which they draw their income. Another of the new laws makes it illegal to ship the paraphernalia of gambling across state lines, except where such gambling is clearly legal in the states concerned (pari-mutuel betting at race-tracks is legal in many places). The third makes it a federal crime to use interstate communications, such as telephones and telegraph lines, to transmit information useful to gamblers. All this emphasis upon

gambling may seem strange in view of the fact that gambling in itself is not illegal under federal law; indeed, some years ago Congress passed legislation—which has been ignored almost completely—ordering professional gamblers to register with the federal government and pay a licence fee. But the Attorney General



and most experts in this field are convinced that gambling provides much of the financial life-blood—to bribe state authorities, for example—needed to carry out more serious crimes.

So important is gambling considered that Senator McClellan has been holding hearings into the operation of the race wires which provide information with the speed that is essential to book-makers. But most of the witnesses have taken refuge in the Fifth Amendment to the Constitution—which provides that a man may not be forced to incriminate himself—and little that is sensational has emerged. But big-time criminals would now be wise to watch their steps, not only because of the new laws but also because the Attorney-General seems to have succeeded in his task of getting the various federal law enforcement agencies—there are 24—to work together instead of in splendid isolation. The main thing still lacking is for the public to rouse itself from its apathy and demand that organised crime be stamped out.



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LETTERS

The Health Service

SIR—In their letter of September 2nd, Professor and Mrs Jewkes go beyond the argument of their booklet on the genesis of the national health service. Now, it seems, they are contemplating the service's exodus. To call the service "a hoax" is to impute deliberate deceit to its initiators. To argue that we might "do better" for ourselves if we "started to pay privately on a much larger scale" is to beg a number of questions.

Questionable figures apart, one flaw in their booklet is its failure to notice the crucial role played in the genesis of the service by the trend of opinion (or emotion) among doctors themselves. This trend can be traced from the British Medical Association's plan of 1938, through the Medical Planning Commission's interim report of 1942 (which notably influenced official thinking, the Beveridge report, and, through them, the public at large), to a climax of idealism in the "doctors' plebiscite" which the Gallup Poll conducted for the BMA in the summer of 1944.

In that poll majorities voted for a public service open to 100 per cent, not 90 per cent, of people; for "free" hospital facilities; for regionally planned hospital services (but overwhelmingly against any control of medical services by local authorities); for control of the geographical distribution of general practitioners; for "health centres"; and for abandoning the sale of practices. This voting expressed a genuine desire to shift medical care out of the semi-charitable, semi-commercial and competitive circumstances in which it had long been practised, into conditions in which doctors and hospitals could serve patients undistracted by what they individually could afford to pay, by the intrusion of approved societies and similar agencies, by the limitations (psychological as well as financial) of charitable arrangements, or by considerations of personal financial gain. It was this movement of professional sentiment which gave Mr Bevan the strength to attempt to remove medical care from the realm of the market. Naive, romantic, utopian certainly, but surely something more than a hoax?

For good or ill, medical care in 1948 abandoned a basically individualist and competitive form of medical practice, with a commercially tinged professional ethic, and is now committed to collaborative forms of practice founded on a public service ethic. Solutions to the vexing problems of our health services will have to be sought within a framework of non-commercial, non-charitable, and non-sectional values. At another extreme, in another society with different values, private purchase of medical care (whether by individuals or by self-selected

groups) coincides in North America with a larger and more rapidly growing allocation of resources to medical care (nationally on average, not necessarily at every social level). But this does not validate the assumption that the medical care of Britons—as distinct from the incomes of British doctors—would be improved if American methods were adopted.

I do not deny our health service's central paradox: that a system intended to enlarge consumption of medical care is operated by machinery which readily lends itself to restricting consumption. But it has to be established, not just asserted, that paying privately "on a much larger scale"—for which services and on what scale?—would be better for the health and wellbeing of the British people. It is not self-evident in our type of society that the quantity of resources devoted to medical care is a reliable measure of the quality and medical effectiveness of the services obtained. Nor was the whole argument at the genesis about quantity or distribution of resources. Manners and attitudes seemed nearly as important—the relations between the givers and receivers of medical care, the psychological as well as the financial terms on which patients were accorded access to facilities they needed. The social psychology of medical care is perhaps outside the scope of economists. But it is a vital factor in the medical services both of Britain and of the USA, and not always to the advantage of the latter; and it was very much in evidence in the great controversies of 1944-48.—
Yours faithfully, FRANÇOIS LAFITTE
University of Birmingham

Computer Errors

SIR—Having been a user of high speed digital computers on both sides of the Atlantic for six years, I think your comment (August 26th) on the recent order by the Atomic Energy Authority of a £3½ million Atlas computer is not really fair to either the computer or its programmers.

Experience suggests that a computer is probably less, rather than more, likely to make an error after working for a long time without a break, although obviously the chance of an error occurring in any particular calculation will be greater for longer calculations.

Errors can occur of course in the best of computers even if only due to rare power supply failures, and a wise programmer will therefore divide a long programme into sections each running for approximately 30 minutes (perhaps less on very fast machines), and so arranged that the calculation can be restarted after an error from the immediately preceding restart point.

The automatic detection of such errors and initiation of a restart will be almost

certain if the programme is well planned in relation to the checking facilities built into the machine, and this will permit reliable operation for a 2½ day run should this be necessary. It is probable that such very long runs will still be made even when Atlas becomes available, because problems tend to become more complicated at just about the same rate as new machines are produced to solve them.—Yours faithfully,

G. B. GRIFFITHS

Woodford Green, Essex

Berlin

SIR—I am puzzled by the defeatism about Berlin in both the leading article and your special correspondent's report in *The Economist* of September 2nd.

Your leader says that if a separate peace treaty is signed between the Soviet Union and east Germany, the allied "presence in the city will rest on no agreement at all," and, according to your correspondent, we cannot prevent Mr Ulbricht obtaining "juridical power" to interfere with western access to Berlin. This seems to concede the whole of the communist case, which is, however, unfounded. The four-power agreements which give the allies the right to be in west Berlin cannot be altered without their consent, and remain valid until the West agree to a change, irrespective of unilateral action by one of the signatories. Similarly, the Soviet government cannot give Mr Ulbricht any "juridical power" which it does not itself possess. In fact, the Soviet Union granted "full sovereignty" to east Germany several years ago, without suggesting that this affected western rights in any way; any more than the independence of west Germany affected the Soviet right to maintain military missions there.

Short of open military attack on the territory of west Berlin, which they probably cannot risk, the worst the communists can do is to impose a new blockade. A new air-lift would be an adequate reply to this, unless the communists were prepared to start the shooting by firing on allied aircraft. The capacity of an air-lift can, of course, be restricted by jamming radio communications, and by buzzing, but this alone cannot prevent enough supplies being flown into Berlin to keep the allied garrisons, as well as the civilian population, going indefinitely. As there are now large stocks of all essential supplies in Berlin, and as transport aircraft are much larger than those in use thirteen years ago, the supply of the city by air should be a considerably simpler problem than it was then.

The main difference between the present situation and that of 1948 is not that the communists have mysteriously acquired new "juridical power" to interfere with western access, but that they have given us notice of their intentions. Unlike Stalin, Khrushchev is preceding the blockade (if there is to be one) by a war of nerves. In the United States and France, this seems to be having little effect, but the British press is showing signs of defeatism. If this defeatism leads the people of west Berlin

o believe that the West is about to abandon hem, they may start drifting away to west Germany. Lack of confidence in the West s the one thing that can give Mr Khrushchev a gratuitous victory in the struggle for Berlin.—Yours faithfully,

JOHN KISSIN

Reading

Women's Magazines

SIR—You rightly say (in your issue of September 9th) that the surviving women's magazines may continue if they differentiate the readerships for which they cater more sharply. It has long been the complaint of the woman of middle age that all the existing women's weeklies cease to be interested, in stories, fashions and features, in women once they are past 30. Yet the older women *in masse* have every bit as much purchasing power as young ones or the vaunted teenager class and perhaps more. Salvation for these magazines may be easier than their youthful-minded editresses permit it to be.—Yours faithfully, EILEEN E. KLAPPER Bromley, Kent

Kenya

SIR—Like your correspondent Mr John Connell I wear an old school tie and regard European farmers in Kenya as my brothers. Unlike him I did not go to school with them; one reason is that I went to a girls' school. I was taught that the black Africans as well as the white farmers were my brothers, and my fears for Kenya therefore differ from those of Mr Connell.

African leaders have frequently said they welcome Europeans who will remain and share the ups and downs of the country, and work for the good of everyone, and not expect white supremacy. They have criticised those who, not content to remain, not content with the arrangements already in hand to help them emigrate to Australia, have insisted that they will go to a country like South Africa where there is still a colour bar. Liberal-minded Europeans, headed by Mr Blundell, have also complained of such Europeans, saying they are harming Kenya.

Like Mr Connell I agree we have a moral responsibility for Kenyans and must show compassion. Like him I agree the European farmers must have "fundamental human rights."

I would, however, remind Mr Connell that when Britain signed the Charter of Human Rights it said no commitment could be entered into regarding its colonial territories. Perhaps therefore we expect too much in thinking that Africans know what human rights are, and that they can apply them to those who wish to hurry out, many of whom have already removed their capital. Nevertheless I believe the Africans do know, and will maintain their promise to the Europeans for fair treatment. In any event I believe they must have the chance to do so.—Yours faithfully, EILEEN FLETCHER Guildford, Surrey

BOOKS

Organised Triumph

The Franco-Prussian War

By Michael Howard.

Hart-Davis. 525 pages. 63s.



Moltke: "dour common sense"

MILITARY being essentially imitative, it was not long after the Franco-Prussian war that the clumsy *pickelhaube* replaced the more dashing *képi* in the British army. Emulation on the Continent went deeper: each of the major powers adopted its own variant of the

Prussian citizen army; all drew up detailed plans for rapid mobilisation—only to be caught in a trap of their own devising in 1914, afraid to postpone mobilisation or to arrest it once it had begun, for fear of surrendering the advantage of superiority to the enemy in the opening engagement. It might even be claimed that the British army's neglect of the lessons of this war and its failure to spin theories based upon them, as Foch for example did, worked at first to its advantage in 1914; at least, having been taught a sharp lesson by the Boers, the British Expeditionary Force appreciated the virtues of disciplined rifle fire better than the German and French armies.

Except in so far as the strength of its navy kept France's supply lanes open throughout the conflict, the Franco-Prussian war was a land war. This goes a long way to explain why it was not studied really closely in Britain, preoccupied with a marine strategy and the problems of the "small wars" of imperial expansion. Superficially, of course, the British officer and military commentator looked at the war, touring the battlefields and listening to the staff lectures. The gunners, in particular, learnt a lot. The Prussian success was avidly seized upon as an argument by the advocates of short-service and later, in the 1900s, by those preaching the necessity of conscription. But at bottom this remained a war alien to British military thinking, and not until Mr Michael Howard produced his present study has any British historian written a book comparable in depth or perception with those written on the Continent.

This appears the more startling when it is compared with the careful and occasionally brilliant studies made in this country of the American Civil War. In neither case is there any lack of sources, either primary or secondary, and the neglect

cannot simply and cynically be ascribed to a reluctance to learn German. The excessive concentration upon the American conflict and the comparative neglect of the European struggle introduced a bias. The cliché, for instance, that the American Civil War was the first of the modern wars often carries with it in this country the unspoken implication that in some ways the subsequent Franco-Prussian war was old-fashioned. Yet, it pointed just as clearly to the future and, in the use of artillery, even more clearly. Shelling by breech-loading guns and fire from breech-loading rifles dominated the battlefields. The French staff were aware of the advantages of the tactical defensive; their failure to exploit these tactics properly, however, swung the balance the other way and throughout much of the 1914-18 war their successors preached the virtues of the offensive and the will to victory. It was only perhaps because the war lasted so short a time and was so decisive in its initial encounters that field entrenchments on the scale of those in Virginia in 1864-65 were not developed. Even so, trenches were beginning to appear before the war ended; casualties in frontal infantry assaults were appallingly high; and at Le Bourget the Prussian Guard experimented with the modern tactic of infantry dispersion, only to neglect the lesson, as Mr Howard points out in a telling aside, when they next fought the French.

The failure to read the lessons of this war properly had serious repercussions in 1914-18 and it might even have unfortunate effects today. For the United States and Britain, building up their military strength and economic resources from scratch to fight a total war ending in unconditional surrender, the problems of the American Civil War seemed singularly pertinent. Today, however, with total war pointing to the absurdity of mutual annihilation, a war fought by a great power with organised military forces for a limited political end may be more relevant.

This is one reason for welcoming what not unfairly can be thought to be the test-piece of one who has long been ranked among the most promising of the younger generation of military historians. The other, and no less important one, is that, unlike some of the shoddy stuff which is passed off as military history these days, this is a work of scholarship, compassion and insight.

Each page bears witness to the scholarship. Apart from regimental histories, it looks as if no important secondary source of material has escaped Mr Howard's attention; and, on occasion, he has made use of primary documents. Each piece of evidence appears to have been weighed with scrupulous care by Mr Howard before he arrives at his sober, unprejudiced judgments. All the



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The compassion which underlies his comments is displayed, for example, in his treatment of Bazaine, whom he castigates for incompetence, and even at one point for moral cowardice, but convincingly relieves of the charge of treachery. An example of the insight which illuminates the whole of the book can be taken from Mr Howard's concluding paragraphs:

The small, introvert professional army, more conscious of its social than its professional status, was no longer an effective form of military organisation; and any continental power which wished to escape annihilation as swift and overwhelming as that which overtook the Second Empire had to imitate the German pattern and create a Nation in Arms—a nation whose entire manpower was not only trained as soldiers, but could be mobilised, armed and concentrated on the frontiers within a few days. The military revolution which ensued in Europe had repercussions in spheres transcending the military. Its importance has perhaps never been fully appreciated or been subjected to adequate historical analysis.

Thus, firmly, does this book, in which the politics and diplomacy and the strategy and tactics continually inform each other, come to its conclusion. It can sit securely beside the continental volumes. It is a model of how military history should be written.

Count Witte's Bear Squeeze A Dynamic Theory of Forward Exchange

By Paul Einzig.
Macmillan. 573 pages. 60s.

FORWARD exchange, one can agree with Dr Einzig, is a neglected subject; and while to anyone other than a foreign exchange dealer it appears hideously complicated, it can have an important bearing on broad economic policy. Keynes in the twenties was the first to toy with the idea of official manipulation of forward exchange to influence international arbitrage, and thus provide a new freedom for domestic interest rates. The idea has been taken up periodically by a number of writers since then, and official intervention in the forward exchange market has become more common—the latest new entrant is the United States Treasury. But the essays in intervention have been limited and tentative; central bankers have been feeling their way rather uncertainly, handicapped by the lack of an adequate guide to what the consequences of official intervention will be.

Dr Einzig's new book, which is a radically revised edition of his prewar "Theory of Forward Exchange", will help them in one direction at least. It is an unmatched record of forward exchange operations of the past. Dr Einzig provides some exotic examples—from the transfer of Papal collections in the fourteenth century to Count Witte's bear squeeze in the Berlin forward market for rouble notes in 1894. Then there is the forward rate policy of the Austro-Hungarian Bank, which in its practical operations apparently anticipated Keynes in the early years of the century. Of more

practical interest today, Dr Einzig also discusses official intervention in recent years, by the authorities in Britain, Germany and other countries; but the available information here is limited.

When it comes to analysis, Dr Einzig's book is much less satisfactory. His attempt to grace the theory of forward exchange with the coveted "dynamic" is not very impressive; it seems to add up simply to saying that forward exchange can in some cases instigate changes as well as merely reflecting them. This is clearly true, but, as Dr Einzig applies it, not always very helpful. "During 1958-60 much of the gold outflow [from the United States] was due to the intrinsic discount on the forward dollar": but what was the intrinsic discount on the forward dollar due to? On policy, Dr Einzig favours limited intervention, and shrinks from the extremist view on familiar and reasonable grounds. The analytical chapters are also at least three times too long; there is endless repetition and labouring of the same point, which is apt to leave the general reader confused as well as irritated in the end. The specialist reader will find irritation in plenty from Dr Einzig's proprietorial air on the whole subject. Thus his book is put forward to meet the shortcomings not only of other textbook writers and theorists but of the financial press since Dr Einzig left it. An "outstanding instance" was his discovery of the market in European dollar deposits, which had been "completely ignored" until Dr Einzig wrote about it in *The Banker* in January, 1960. He could have read about it in these columns months before.

Poetry and Reform

The Imagination of Charles Dickens
By A. O. J. Cockshut.
Collins. 192 pages. 16s.

MUCH recent Dickens criticism has been marked by a note of testiness and Mr A. O. J. Cockshut's study is no exception. The reason surely lies in a point that Orwell made in the first sentence of his Dickens essay: "Dickens is one of those writers who are well worth stealing." He is a writer actuated by strong moral indignation, whose power over his readers is so great that people holding strong views and desiring to bring other people round to them naturally wish to enlist Dickens on their side, and are, in their turns, annoyed when Dickens refuses consistently to toe their party lines. Orwell was testy because Dickens's understanding of the class struggle was so imperfect. House was testy because Dickens's views on social reform were so naive, so unrelated to practical politics. And Mr Cockshut is testy because, among other failings, Dickens "has absolutely no conception of sanctity," and was, in his religious attitudes, "cut off from the spiritual and intellectual treasures of the Christian tradition."

To start from such positions inevitably entails, as in the case of these three critics,

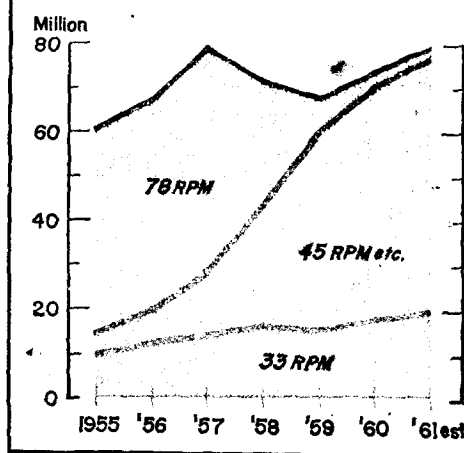
that most space is devoted to showing where Dickens failed to measure to the standard set, and that the profound admiration felt, which was undoubtedly the prime motive for each critic's choice of Dickens as a subject, appears rather in the nature of a caveat. The critic's first aim is not to try to discover why Dickens makes so powerful and so effective an impact but to point out where he could have done better.

Mr Cockshut's approach is by way of examining certain images and concepts potent and recurrent in Dickens's novels—notably, prisons, social reform, crowds—and then to discuss the more important novels in some detail. He makes many useful and illuminating comments, as when he notices that the empirical justice of the people, which Dickens deplores in the Paris Tribunals of "A Tale of Two Cities," is apparently what he would prefer to the cold legalisms of Chancery depicted in "Bleak House." But throughout his study Mr Cockshut seems to be looking for a consistency and balance in Dickens that it is not necessarily proper to seek. Thus he says that in "Bleak House" Dickens came near to "that great and perhaps unattainable target of being fair." This may be a right target for life. It may be a target that Mr Cockshut likes to find in novels. But one must surely show that Dickens sought to be fair before blaming him for not being so.

Again, in drawing together Dickens's various uses of the symbols that moved him most deeply, such as prisons and rivers, Mr Cockshut seems to expect a consistency not of the nature of all writers' imaginations and almost certainly not of Dickens's. It is hard, he says, to resist the idea that in "Our Mutual Friend" "the river has a sacramental, baptismal character" and so, as he shows, at least at one point it has. But

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BOOKS

baptism is only one of the associations that must come into the writer's mind when he thinks of water; at one time he may reject this association, at another find it evocative, and such an *ad hoc* use of appropriate images is, one might suppose, of the nature of Dickens's genius.

In the last resort, of course, Mr Cockshut, like all Dickens's critics, fully acknowledges his power and perhaps the most significant of the epithets he gives him is "poet." Dickens is, he says, the poet of the things he most feared and falsified—money, prisons, crowds, factories—the poet of industrial society. It is undoubtedly as a poet, and as a poet should, that he rouses pity and fear in his readers. If he does not then present the practical tools for utilisation of the emotions roused—socialism or religion or political reform or some other fully worked out panacea of his own—it may be that the critics are wrong to ask it of him. "If men would behave decently the world would be decent" is, says Orwell, the whole of Dickens's moral message, and it is not, Orwell finally admits, such a bad one. It might, perhaps, be more illuminating if critics accepted Dickens's morals without cavil and turned their attention to his poetry.

Trial of a Regime

The Queen's Necklace

By Frances Mossiker.
Gollancz. 636 pages. 30s.

THOUGH it is said that while history seldom repeats itself, historians invariably repeat each other, Frances Mossiker runs little risk; for few writers could imitate her style or would wish to do so. Yet her work has virtues without which literary graces are barren: enthusiasm, an instinct for clues, and the ability to sift and arrange what she finds. Her comments are clear—even if expressed in stridently anachronistic Anglo-American colloquialisms. She pronounces no irrefutable verdicts; but the evidence of her contemporary witnesses is presented and summed up fairly for the many readers who will form her jury, and who can scrutinise the accused and the fabulous necklace itself in the book's superb illustrations.

This is one of those cases in which the truth is rarely pure and never simple: on the face of it the guilt of Cardinal de Rohan, Bishop of Strasburg, Grand Almoner and member of the most powerful feudal family in France, was indisputable. In fact, he was the victim of a cunningly laid plot: lured by vanity and ambition he was robbed of the necklace, suspected of fraudulent conversion by the jewellers who had believed him the queen's agent, and accused by Marie Antoinette of a presumption barely short of treason. Any king less obtrusely uxorious than Louis would have settled the affair privately; for de Rohan was willing to pay the jewellers and retire to his estates. But the queen's smouldering detestation of him was fanned by self-seeking advisers

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determined to bar him from any position of influence; and both she and the king were typically blind to the dangers of public proceedings in the traditionally anti-monarchical Parlement of Paris, whose doings were dramatised in the advocates' "briefs" printed and hawked with squibs and ballads in the streets.

Napoleon asserted that the Revolution began with this trial. It can certainly be regarded as a dynamic contributory cause. The Cardinal acquitted, applauded by mobs as a victim of royal spite, went into provincial exile a popular hero; the "Countess" de la Motte, descendant of a Valois bastard, was found guilty of forgery and theft, publicly whipped and branded, and given a grim term of imprisonment which she shortened by escaping to England, whither her husband had fled with the jewels before her arrest. There she published her memoirs whose obscenely vindictive libels provided deadly ammunition for the queen's enemies. And the mysterious Cagliostro, denounced in la Motte's attempts to shift the blame, was acquitted, but deported—leaving an odour of Rosicrucian-Masonic-Orleanist conspiracy which still taints some versions of the "Necklace Scandal." Why were forgeries so inept accepted by those who knew the queen's writing and real signature? Was the foolish queen privy to her impersonation by a young prostitute to whom the infatuated Cardinal promised the necklace? Was Jeanne de la Motte's escape effected by friends of the queen who thought her likely to be harmless, or by enemies who hoped she would be more dangerous, in England? These widely asked questions were, in a sense, answered when Mirabeau thundered "What a country, what men, what flabbiness, what corruption!" He saw that the Old Regime itself was on trial.

A Measure for Mammon

The Theory and Measurement of
Business Income

By Edgar O. Edwards and Philip W. Bell.
University of California Press. London:
Oxford University Press. 341 pages. 60s.

IF we were told to find a good measure of a child's development, we might well start by asking who wanted the measure and why. Then, knowing the aim, we might decide that the best figure would be the child's growth in height, or weight, or skill at games, or vocabulary, or something else—or a mixed index. Some of these measures would be harder to apply than others; and none might meet all the needs of the case. Similarly, the growth of wealth can be viewed in many ways, and we must choose the most suitable for the task in hand. Our safest assumption is that all measures of income are full of flaws.

Professors Edwards and Bell give us a most satisfying study of different concepts of business income. They start by pointing out the faults in the accountant's profit, which fails as a guide to the current per-

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formance of managers because it does not record asset appreciation as it arises, or separate all such gains, when realised, from current operating profit, or allow for changes in the value of money. Having thus swept aside the accountant, the authors turn to the economist. His concept of income—the increase in the present value of expected future receipts—is the only one that comes anywhere near to logical elegance. Unhappily we find it very hard to quantify expectations at any one date, let alone compare those of two dates; a firm's directors can scarcely "probe into the nebulous question 'Do you now feel as you thought you would feel about the still futuristic aspects of the selected course of action?'" Something between these extreme concepts is needed.

The authors put forward two new measures, to be used in parallel. The first they call *business income*, the second *realised income*. Both take ordinary accounting as a starting point, but add simple "valuation adjustment accounts" to show extra information about asset values. To clarify the meaning of "value," the authors give a neat array of eighteen possibilities (of which, fortunately, a dozen prove un-serviceable). Realised profit is based on historical cost, and thus is the same in total as accounting profit; but it is split up into two components—the realised gain from asset appreciation (much of which must belong to earlier years); and current operating profit (inputs being charged to operations at current market price.)

Business profit is a more radical affair, being based on the replacement values of assets; it, too, is split up—into current operating profit (identical with the second component of realised profit) and asset appreciation (during the current year only, and whether realised or not). Thus both sets of profit figures throw light on management's skill and luck at two very different functions—operating and buying assets. The authors suggest that both sets of figures might be given side by side in the revenue account—as alternative glimpses of truth—and explain how the two can be carried thence to a balance sheet that shows both the accountant's much-loved historical costs and also useful current values.

It will be noted that neither brand of profit segregates the effects of general price changes. The authors argue that, for the purpose of testing management's efficiency, such general changes are less important than changes in the prices of the firm's own assets; if the latter are allowed for, managers have all that they need for decisions. (One may question this view in so far as managers must take charge of finance.) The authors concede that general prices are relevant when trends have to be studied, and ought to be relevant for tax; and they show how easily their revenue account and balance sheet can be adapted to allow for general price changes.

The last chapter asks whether the proposals are practicable. The book-keeping of reform is simple enough; a few adjustments at each year's end serve to graft the new figures on to historical ones. Finding ob-

BOOKS

jective market values for assets may be a much more awkward problem; in many trades, however, quotations for the main types of input are ready to hand, and other assets might well be revalued with the special indices now available.

It is rare to find authors so much at home in both economics and accounting. As they themselves suggest, time may show that their programme needs amendment; but they state the problem clearly and provide an excellent starting point. In passing, they give help on many other questions—when to replace plant, how to measure depreciation, which rate of compound interest to use in budgets, and so on. Beyond doubt their book is the most wise and original contribution to accounting theory since Professor Bonbright wrote "The Valuation of Property" a quarter of a century ago.

Paperback Selection

Batsford have entered the paperback market this month with reissues of their own books. The first eight titles include six of their well-known guide and travel books. Each contains 32 pages of photographs, and it is a pity that, presumably to keep the price down, they sometimes have to be squeezed in so tightly, without margins. Oliver and Boyd have another four titles in their "Writers and Critics" series; and, among the new titles in Collins Fontana Library, R. H. Tawney's "The Acquisitive Society" will be particularly welcome.

Below is a guide to some of the paperbacks received by this journal in recent weeks.

Art and Archaeology :—

THE GOTHIC IMAGE. By Emile Mâle. Translated from 3rd edition by Dora Nussey. Collins Fontana. 439 pages. 12s. 6d.

ARCHAEOLOGY IN THE USSR. By A. L. Mongait. Translated by M. W. Thompson. Penguin. 320 pages. 5s.

Biography :—

SAMUEL PEPPYS: *The Saviour of the Navy*. By Arthur Bryant. Collins Fontana. 451 pages. 7s. 6d.

JOAN OF ARC. By R. Pernoud. Translated by J. U. Duell. COLUMBUS. By M. Mahn-Lot. Translated by H. R. Lane. Evergreen Books. 192 pages each. 6s. each.

Economics :—

THE THEORY OF ECONOMIC DEVELOPMENT. By J. A. Schumpeter. Translated by R. Opie. Oxford University Press. 267 pages. 8s. 6d.

AN ECONOMIC INTERPRETATION OF THE CONSTITUTION OF THE UNITED STATES. By Charles A. Beard. Macmillan Co., New York. 351 pages. 12s.

Guidebooks :—

THE LAND OF ITALY. By J. More. 231 pages. SHAKESPEARE'S COUNTRY. By J. Russell. 192 pages. ENGLISH CATHEDRALS. By J. Harvey. 188 pages. ENGLAND'S HERITAGE. By Bell, Birmingham, Blunden, Brown, etc. 207 pages. SPAIN. By S. Sitwell. 203 pages. PARISH CHURCHES. By J. C. Cox and C. B. Ford. 187 pages. Batsford. 5s. each.

History :—

MEDIEVAL PANORAMA. Vol. I: *Foreground: Society and Institutions*. Vol. II: *The Horizons of Thought*. By G. G. Coulton. Collins Fontana. 479 and 475 pages. 9s. 6d. each.

Literature and Literary Criticism :—

BAUDELAIRE. By Pascal Pia. Translated by P. Gregory. Evergreen Books. 192 pages. 6s.

WHITMAN. By G. Dutton. 128 pages. COLETTE. By M. Davies. 128 pages. D. H. LAWRENCE. By A. Beal. 134 pages. ARTHUR MILLER. By D. Welland. 130 pages. Oliver and Boyd. 3s. 6d. each.

THE ACHIEVEMENT OF SAMUEL JOHNSON. By W. J. Bate. Oxford University Press. 259 pages. 8s. 6d.

THUS SPOKE ZARATHUSTRA. By Nietzsche. New translation by R. J. Hollingdale. Penguin. 343 pages. 5s.

LES LIAISONS DANGEREUSES. By Laclos. New translation by P. W. K. Stone. Penguin. 396 pages. 5s.

THE MODERN AGE. Pelican Guide to English Literature, Vol. 7. Edited by Boris Ford. Penguin. 560 pages. 7s. 6d.

THE DISINHERITED MIND. By Erich Heller. Penguin. 282 pages. 4s.

Politics, Political Science and Philosophy :—

THE ACQUISITIVE SOCIETY. By R. H. Tawney. Collins Fontana. 191 pages. 5s.

LITERATURE AND REVOLUTION. By Leon Trotsky. Michigan University Press. London: Cresset Press. 256 pages. 12s. 6d.

EDUCATION. By Immanuel Kant. Michigan University Press. London: Cresset Press. 121 pages. 8s. 6d.

THE SUBLIME. By Samuel H. Monk. Michigan University Press. London: Cresset Press. 250 pages. 12s. 6d.

THE MIND OF PLATO. By A. E. Taylor. Michigan University Press. London: Cresset Press. 148 pages. 9s. 6d.

METAPHYSICS. By Aristotle. Translated by R. Hope. Michigan University Press. London: Cresset Press. 394 pages. 16s.

Science :—

THE WORLD OF THE SOIL. By E. John Russell. Collins Fontana. 285 pages. 8s. 6d.

THE CLOUDS. By R. Clausen and L. Facy. Translated by J. Ferrante. Evergreen Books. 192 pages. 6s.

SCIENCE SURVEY 1961. Part 1 edited by Arthur Garratt; Part 2 edited by S. A. Barnett and Anne McLaren. Penguin. 239 and 251 pages. 6s. each.

Miscellaneous :—

THE VINTAGE MOTOR CAR. By C. Clutton and J. Stanford. 232 pages. VETERAN AND EDWARDIAN MOTOR CARS. By S. Scott-Moncrieff. 244 pages. Batsford. 5s. each.

ANTHROPOLOGY. By Edward B. Tylor. Abridged by L. A. White. Michigan University Press. London: Cresset Press. 285 pages. 12s. 6d.

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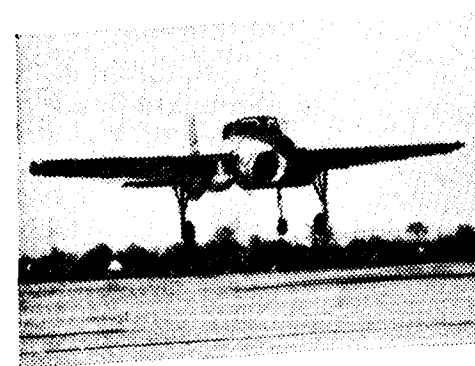
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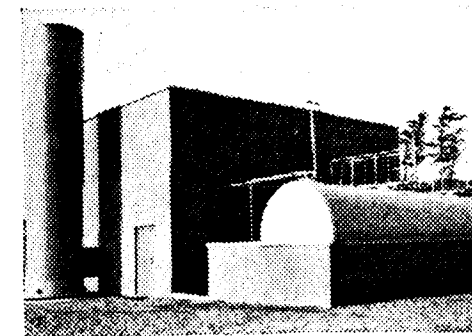
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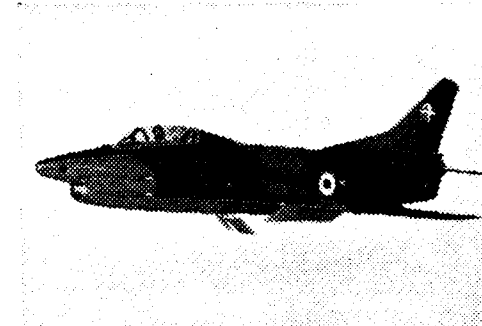
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THE WORLD OVERSEAS

The Events in Katanga

FROM A SPECIAL CORRESPONDENT



On tour on September 12: Mr Tshombe

ONE of the journalists asleep in the hotel Leopold II in Elisabethville on the night of September 12th to 13th could know that the single rifle shot that woke them at 3.45 a.m. was to have such fateful consequences. It was the signal for the storming of the post office in the central square, and of Radio Katanga a mile away, by Indian Dogra and Gurkha troops of the United Nations. The attack was well mounted in accordance with a plan prepared several days previously whose execution had been held up for political reasons.

Every weapon of the modern infantry battalion was used: FN rifles, heavy machine guns, bazookas and mortars. At both places a company of Indian troops (125 men) outnumbered the defending Katanga gendarmerie and para-commandos by nearly two to one. They were also greatly superior in fire power and were supported by Irish and Swedish armoured cars. In the residential part of the city a company of Swedish troops was detailed to capture the heavily guarded home of Mr Godefroid Munongo, the rash and ruthless minister of the interior whom the United Nations had singled out as the arch-secessionist of Katanga.

Very heavy fighting was still going on at dawn, and the three objectives were not attained until nearly three hours after the attack began. But the end was only the beginning. The Kantangese commandos launched an unsuccessful counter-attack on the post office, more United Nations reinforcements were brought up, and casualties mounted. Sporadic fighting continued all day and the mood of the Indian troops grew dangerous. In the centre of Elisabethville hate and fear hung in the air. That Wednesday morning a jeep-load of Katanga policemen, who had returned to duty in response to a radio appeal from the United Nations, were mown down by a Dogra machine gun entrenched in the Red Cross hospital 70 yards away. A clearly marked ambulance which arrived soon after to remove the dead and wounded was disabled by Indian troops shooting at point blank range from the roof of the post office; and a similar incident took place in the central square the next morning. All this happened in full view of correspondents standing the width of a street away. Nor did correspondents find any evidence whatsoever for a counter-charge, later made by the United Nations command when its attention was drawn to these events, that the Katanga army was misusing ambulances as vehicles of war. The flagrant disregard by UN troops of the immunity of the Red Cross hospital on Avenue Youlou has still to be explained.

Throughout the night of September 13th to 14th the firing in Elisabethville grew in intensity; the United Nations garrison at Jadotville was gravely threatened, and later capitulated. It was clear that the UN operation, conceived as a swift *coup d'état*, had failed. Responsibility for a tragic miscalculation falls equally on civilians and soldiers. But where did things go wrong, and was

the action justified in the first place?

At the beginning of September time pressed for the United Nations secretariat. The sixteenth General Assembly, at which the UN Congo budget would be discussed, was only a fortnight away and a demonstrable success in pacifying and uniting the country was urgently needed. Mr Adoula's central government gave promise of stability, and seemed assured of Mr Gizenga's support. Only Katanga continued to fly its own defiant and embarrassing flag. President Tshombe has been called a Belgian puppet, but he never was quite that. The Belgians used him certainly; but he used them even more in the name of the emergent Katanga nationalism whose strength has been demonstrated in the past few days. Mr Tshombe has many tribal enemies and his writ has never run in the Baluba strongholds of the north. His regime has often been oppressive towards political opponents; waste and corruption have been widespread, but to the casual observer—the visiting MP or businessman—southern Katanga seemed, after the rest of the Congo, a well-ordered and prosperous clearing in a dark jungle.

To sustain his rule Mr Tshombe leaned heavily on European advisers and in the circumstances it was natural that most of them should be Belgian. With some notable exceptions, these hangers-on from the earlier regime exerted a baneful influence on government thinking. The Security Council resolution of February 21st required their prompt removal together with all mercenaries and Belgian, and other foreign, military and para-military personnel. But it was not until September, six months later, that the decision was taken to expel them by force if necessary; the man chosen to do it was an Irish intellectual, Dr Conor Cruise O'Brien, the personal nominee of the late Mr Dag Hammarskjöld as UN representative in Katanga. For once the United Nations moved swiftly. On September 4th troops took over the post office, some ministries and other key centres in Elisabethville with deceptive ease. No one was hurt, hardly a shot was fired; United Nations control of the town was absolute that day. Every Belgian *chef de cabinet* was removed from his post, all white officers in the Katanga army were told to go, and many left for Kamina base to be flown home. The term "political adviser" in the February 21st resolution was stretched to cover "*conseillers occultes*"; irate Belgian editors and lawyers were peremptorily expelled. The Katanga administration was in complete disarray, and the United Nations remained poised for the next move. Brigadier K. A. Raja, the UN military commander, was completely confident that he had the situation in hand; to some, this confidence seemed exaggerated.

Then came a fatal pause, due not to any hesitation in Elisabethville but to second thoughts in New York. The late Secretary-General was under heavy pressure, especially from the British Government spurred on by Sir Roy Welensky, to avoid the use of force, and a week passed with no decision. During this interval a number of things happened whose significance was not grasped at the time. The United Nations' drive lost its momentum, Mr Tshombe and his ministers recovered their morale and decided to fight to the end, more than a hundred white army officers and mercenaries disappeared underground in Elisabethville or into the bush, and Baluba refugees from South Kasai who live in the town flocked in their thousands to seek United Nations protection. were imprisoned without trial, they had been reasonably contented



Dr O'Brien and Swedish escort.

before, but recent events had unnerved them. A week passed in mutual recrimination between Dr O'Brien and Mr Tshombe, and served only to underline the total lack of confidence between them. A battalion of Gurkhas arrived as reinforcements, while Mr Tshombe made his own dispositions and set up a secret radio in the bush. New York was still silent, but it was clear that decisive moves were at hand. The white officers who had remained behind were, by and large, a contemptible bunch but they emerged from hiding and were invaluable to Mr Tshombe at this stage. On Tuesday, September 12th, it was announced that Mr Hammarskjöld was flying to Leopoldville at the urgent request of Mr Adoula. At Elisabethville United Nations officials were taken by surprise at the news and were plainly disconcerted, but by then the die had been cast; the attack was launched to end the secession of Katanga.

It did not, however, take Mr Tshombe by surprise; his intelligence had worked well. The previous day the Katanga police guards at the post office and the radio station had been replaced by much more formidable para-commandos who were later to die bravely when all their ammunition was spent. In the fighting that continued throughout Wednesday the Belgian civilian population grew hostile to the point of hysteria and the men in the blue berets felt themselves isolated in a strange land with white and black ranged against them. This goes a long way to account for their indiscriminate attacks on ambulances and private motor cars in the full light of day. The operation achieved its immediate objectives in Elisabethville but not its wider purpose. The UN military command greatly underestimated the bitter resistance it would meet and had seemingly ignored the situation outside Elisabethville. Dr O'Brien's miscalculation was equally grave: Mr Tshombe, the puppet, was not so easily toppled. For his people of the powerful Lunda tribe he was, and remains, a hero. As for the role of the whites in the events of September 13th to 14th, they played a significant part, but never at any stage a decisive one.

The Twilight of Dr Adenauer

FROM OUR BONN CORRESPONDENT

THE new Bundestag has been summoned to meet at 3 p.m. on Tuesday, October 17th. As soon as it has despatched such preliminary business as the election of a president (speaker) and his deputies its duty will be to choose a federal Chancellor; in the opening stage, this must be by a majority of the whole house obtained in secret ballot. The Christian Democrats having lost their absolute majority, a fascinating bout of coalition bargaining, canvassing, and bluff has begun in Bonn with the object of determining who this powerful personage is to be. On Tuesday the executive committee of the Christian Democratic Union—with a

resigned swallow here and there—unanimously asked eighty-five-year-old Dr Adenauer to stand once again for office, on the understanding that he would retire in time to give his successor an opportunity to establish himself before the next general election in 1965.

But anguished moves are afoot in all three parties, including the Christian Democratic Union, to find another way. Before the end of the week it was clear that a majority of deputies in the Bundestag were convinced that they would be most faithfully representing their constituents if they voted next month not for Dr Adenauer, the only chancellor the federal republic has experienced since its inception twelve years ago, but for Herr Erhard, the present economics minister, vice-chancellor, and Dr Adenauer's willing though much-slighted heir presumptive.

In theory, the Social Democrats and the Free Democrats, who do contrive on a humbler level, in the Länder of Bremen and Hamburg, to govern together, could now elect a chancellor from one or the other of their own leaders and put Dr Adenauer, Herr Erhard, and the Christian Democrats altogether out of office. In practice this will not happen—not unless Herr Erich Mende, the leader of the Free Democrats, undergoes a violent change of heart. Both before and immediately after the election, and again on Tuesday, Herr Mende swore that his party would not go into coalition with the Social Democrats. Some further blows from the east might compel him and the Christian Democrats to reconsider admitting the Social Democrats into their confidence. But, until those blows fall, the business of government will be conducted as far as possible in agreement between the Christian Democrats and the Free Democrats. Dr Adenauer has declared that he is ready to collaborate, and a first post-election meeting between the two party leaders was thought to be imminent when *The Economist* went to press.

BUT this week Herr Mende dramatically raised the price of co-operation. Before and immediately after the election he had said that the Free Democrats would prefer to serve under a chancellor other than Dr Adenauer: Herr Erhard, or Herr Krone, or Dr Gerstenmaier, would be acceptable. After meeting his parliamentary party on Tuesday, Herr Mende announced that the Free Democrats would not, on any condition, serve in a government led by Dr Adenauer. Remembering Dr Adenauer's tergiversation over the federal presidency in 1959, the Free Democrats, Herr Mende declared, viewed with the utmost suspicion the suggestion that Dr Adenauer should continue as chancellor only for "a certain period" at the end of which Herr Erhard would take over.

Between now and October 17th the principal players in the game of in and out will be attempting in countless conspiratorial huddles to ease the deadlock. Herr Mende's refusal to play vice-chancellor to Dr Adenauer has been too emphatic to be wholly bluff. So it is possible that, for the sake of an interim solution, and with an eye on their rising stock, the Free Democrats might abstain from voting against Dr Adenauer next month and thus (in one of the later ballots, when a simple minority suffices) admit a Christian Democratic minority cabinet. But the instability that would follow such an arrangement is hardly compatible with the Free Democrats' election call for a more representative government capable of dealing robustly with the alarming times that everybody sees ahead.

How far the Christian Democrats are bluffing is at the moment, obscure. But bluffing they certainly are. There is something fishy about their executive committee's unanimous vote on Tuesday, given the amount of open grumbling that has been going on for so long in the party at the prospect of another four years of octogenarian domination. Do the Christian Democrats really believe they have nobody else qualified to direct the Federal Republic's

policy as a whole? They are in considerable confusion. When, at his last pre-election press conference, Dr Adenauer vigorously denied rumours of his impending retirement and said nothing about a successor, Herr von Hassel, a deputy party chairman and head of the Schleswig-Holstein Land Government, butted in to remind the journalists that eventually Herr Erhard would be taking



Heir-presumptive: Dr. Erhard



Arbiter: Herr Mende

over. In the early hours of Monday morning Herr Gerstenmaier, the president of the Bundestag and a man of high ambitions, remarked to reporters that the result of the poll would mean the formation of a coalition government whose chancellor would not necessarily be Dr Adenauer. Almost simultaneously Herr von Hassel was atoning for his earlier impetuosity by proclaiming that the next chancellor would undoubtedly be Dr Adenauer. Herr Mende and his coalition committee are in for an enjoyable time during the next three weeks, delicately exploiting the differences and resentments within the long-established governing party.

Herr Ollenhauer, the Social Democrats' party chairman, was expected to call upon the federal president, Dr Heinrich Lübke, on Friday in order to tell him what the Social Democrats would like to happen next. This is that the Berlin crisis makes it expedient to form a national government from all three parties—yet another dream government without Dr Adenauer. But the other two parties will not advise a national government. Herr Lübke's influence as federal president—he took over reluctantly two years ago as a makeshift for the defaulting Dr Adenauer—is still in the stage of development, and still indeterminate. A Christian Democrat himself, and Dr Adenauer's former minister of agriculture, Herr Lübke will surely find it interesting, if at moments embarrassing, when old cabinet colleagues come to

WEST GERMAN ELECTION RESULTS							
Parties	Votes	1961		1957		1953	
		%	Seats	%	Seats	%	Seats
Christian Democrats	14,239,894	45.3	241	50.2	270	45.2	244*
Social Democrats	11,406,253	36.3	190	31.8	169	28.8	151
Free Democrats	4,009,988	12.7	66	7.7	41	9.5	48
All-German Party (formerly German and Refugees' Parties)	871,208	2.8	...	8.0	17	9.2	42
German Peace Union	607,836	1.9	...	...	...	...	...
German Reich Party	264,186	0.8	...	1.02	...	1.1	...

* With Zentrum Party.

discuss the merits of his former chief. The Basic Law rules that the president shall first propose a chancellor to the Bundestag, but only once; and the vote on the president's motion is taken without discussion. Should the president's nominee be rejected the Bundestag must itself nominate and adopt a chancellor within fourteen days. Should no chancellor thus emerge, the candidate

with the most votes will be accepted, if the president approves. But the president can object and call for a new general election.

THERE are several explanations for the decline in Dr Adenauer's popularity. His great age is understandably one. It is not that—as the Social Democrats have been putting about since August 13th—he is by any means so senile as to be already imperilling the state. It is that Dr Adenauer, spry as he is still, tires nowadays more quickly and more markedly than he did four years ago, and that the majority of last Sunday's voters hold, with Herr Mende, that so old a man is not qualified physically to head the government for another four years. A smaller but substantial number of west Germans have also come increasingly to doubt whether Dr Adenauer is mentally flexible enough to adjust himself to the tasks ahead. They are disappointed by the progressive cementing of the division of Germany over the last twelve years, and alienated by Dr Adenauer's unrepentant zest for party strife. Among the Bundestag deputies who will elect the chancellor next month will be those—and they include cabinet ministers, party leaders and senior committee men—who not only share these misgivings, but also have themselves felt excluded from information and from a say in things through Dr Adenauer's habit of working mainly with a very small group of old, not always happily chosen, confidants.

A larger number of west Germans than ever before have, it seems, seen in voting for the Free Democrats a relatively gentle way of countering the disadvantages of unqualified Christian Democratic rule and the personal failings of Dr Adenauer. So much has been made of the youthfulness of Herr Brandt (47) that it is often overlooked that Herr Mende is three years younger. And although the distinctions between the two parties' domestic and foreign policies are largely obscure, the Free Democrats are reputed to be interested in such good causes as improving west Germany's relations with Poland and reducing state spending. Nobody anticipates that a coalition government under a new chancellor would greatly change the general trend of policy in any field. The Free Democrats, being a shade or two less enthusiastic than the Christian Democrats about the west German commitment to the West, and appearing to be more practically concerned about reunification, have, perhaps, a special appeal to the more nationalist-minded Germans. But there is no extremism in the wind. None of the small parties that harbour the fanatics did well enough last Sunday to win a seat in the new Bundestag. In the first Bundestag there were ten parties: in the second there were six: there were four in the third. Only three parties will sit in the new Bundestag. The neo-nazi German Reich party has never done so badly.

Grief and Realism in Cairo

FROM OUR MIDDLE EAST CORRESPONDENT

THE news of Mr Hammarskjöld's death has been received here in Cairo with grief, anger and anxiety. The name of the late secretary-general has been respected in Cairo to the point of reverence ever since the Suez crisis. The speed and completeness with which the invaders then withdrew from Egyptian soil are attributed in large part to his stout and energetic insistence on the fulfilment of the General Assembly's resolutions, and he is also given the lion's share of the credit for the United Nations Emergency Force, which, in the words of an obituary in a leading Cairo newspaper, "has shielded Egypt from Jewish incursions."

The recent United Nations action in Katanga, of which the UAR government wholly approved, went far towards blotting out the memory of the disagreements early this year when the failure



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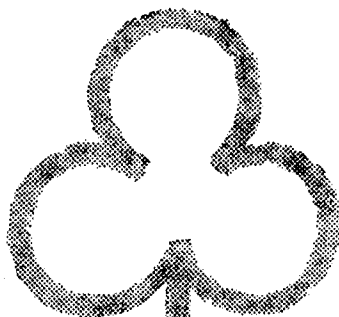
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of the UN to support Mr Lumumba was bitterly denounced here. That quarrel is all the more easily forgotten since it is now generally conceded that President Nasser acted overhastily in withdrawing his troops from the Congo, if only because it deprived him of the only means of exerting influence there.

The anger arises from the strong conviction that Mr Hammarskjöld's death was directly or indirectly the result of imperialist intrigue in Africa. The first official statement here said forthrightly that colonialist policies were "responsible for shedding the blood of the secretary-general."

Unofficial reactions go further and reflect the chronic local belief that conspiracy is afoot. As soon as the news became known foul play was talked of. In the general view Mr Hammarskjöld's death fits too neatly into what are supposed to be the plans of Sir Roy Welensky and Mr Tshombe. Suspicion was aroused, too, by the long delay in finding the aircraft wreckage less than eight miles from the airfield where it was to have landed. Thus a myth is already growing up which any number of inquiries will be unable to scotch completely. Britain, because of its obvious displeasure at the United Nations attack on Katanga troops, is being cast by public opinion in the role of accessory, before or after the fact according to taste.

ANXIETY arises from the awareness that the problem of finding a successor to Mr Hammarskjöld in the present critical state of the world is both urgent and likely to present appalling difficulties. It is thought certain that Mr Khrushchev will exploit this heaven-sent opportunity to push his troika plan by the simple expedient of blocking any other solution. President Nasser has taken no clear public stand on this issue, but it is known that he dislikes the troika plan on principle. Mr Khrushchev's proposal flows from the assumption that there exists a third block of neutralist nations analogous to the eastern and western blocks. President Nasser, like Mr Nehru, has always rejected that view. Still, the certainty that the issue will be thrown open to public debate in New York is causing uneasiness here; this is just the kind of east-west quarrel in which President Nasser, like other neutralists, dreads having to take sides. At the same time, he cannot wash his hands of it without having his pretensions to world standing called in question.

The uneasiness in Cairo on this subject arises from two fears: first, that the debate will be acrimonious and may raise east-west tension dangerously; second, the unity of the non-aligned powers painfully born in Belgrade last month is threatened by a new dispute which was not foreseen and therefore was not discussed. Although the representatives of the non-aligned powers left Belgrade with an agreed statement in their briefcases, agreement was only reached with great difficulty. On one side, Ghana, Guinea and Indonesia, with Cuba and Afghanistan in general and often somewhat freakish support, argued that the whole gamut of national grievances should be spelt out. India and Burma offered strong resistance. Marshal Tito and President Nasser came down on the side of moderation, and the final resolutions embodied general principles instead of (with the exception of Guantanamo) specific grievances.

Depressed as Cairo is at the prospect of another hard-fought debate among the non-aligned powers, this time on the question of Mr Hammarskjöld's successor, all the indications are that President Nasser will continue to pursue a moderating course, leaning towards the Indian position rather than the Ghanaian. The spirit of Casablanca, the most militant expression of non-alignment, has been diluted in recent months, partly by the wrangling between Cairo and Accra on the subject of an African high command, and partly by President Nasser's disappointment at the failure of Morocco to provide troops for the defence of Kuwait. Another sure indication that the UAR delegation at New York has instruc-

tions to walk warily is that the Cairo press is already warning its readers not to expect fireworks on the subject of Israel. With the new wind of realism blowing through Cairo, the UAR government is beginning to limit itself to goals that are practicable.

A Fresh Mandate for Mr Karamanlis?

FROM OUR CORRESPONDENT IN ATHENS

WHEN the international situation reaches the stage of nuclear oversimplification it tends to influence not only a general election, such as is to be held in Greece on October 29th, but even the everyday political mentality of the Greek man in the street. When a month ago Mr Khrushchev made his notorious crack about the atomic annihilation of "olive groves and the Acropolis" he probably never realized in what a personal way he had touched Greek susceptibilities. Perhaps the psephological effects of this and the many other blunders committed recently by the communist block towards Greece will become more obvious after the general elections.

It was the present international tension more than any other single factor that induced Mr Karamanlis to speed up the elections by some seven months. To do this his closest advisers had to argue him out of his perfectly legitimate ambition to carry on for his full four year term. But there were two leading considerations against this, one affecting the nation, the other his own party, the National Radical Union, which has now been in power for nearly six years.

The likelihood that the world crisis would demand bold and determined leadership in Athens made it necessary to have a government with a fresh popular mandate; and the prospect of tension, coupled with the recent attempt of the communist block to intimidate the Greeks, strengthened the possibility that Mr Karamanlis's party, because of its homogeneity and solidity, would be returned with a renewed mandate. The Soviet attitude has also had another effect on Greek politics. The nationalist parties of the centre were so much at sixes and sevens that they could easily have been enticed into a popular front with the Greek communists. But the Greek reaction to the communist campaign of intimidation has been so indignant that this possibility has now been largely offset.

Until a week ago the political forces in Greece were roughly polarized between Mr Karamanlis's party and the solid, well-disciplined pro-communist EDA party. Between them lay a multitude of splinter groups which for several years have been wallow-



Mr. Karamanlis: four more years of power?

ing in an unparalleled state of confusion. It was across this blurred horizon that General Grivas's chances of a political career suddenly, like a bright shooting star, flashed and sank within the space of ten months. The parties of the Centre lost precious time searching for a regrouping which might one day spare Greece the dilemma of a limited choice between "Karamanlis or EDA." This week they made a frantic last minute effort at compromise. On Tuesday they announced

that they had founded a "Centre Union." The formula employed to reconcile individual ambitions—the main obstacle to a pure and simple merger under one head—was to set up a committee of eight leaders among whom Mr Papandreou, the Liberal ex-premier be *primus inter pares*.

The Centre Union party now comprises mostly the former deputies of the Liberal party with certain right and left wing appendages. The Liberal party has been defeated in all Greek elections since 1952. This is why the future position of the small Progressive party under its dynamic leader, Mr Markezinis, may tip the balance, not perhaps in the electoral contest but at least by adding a novel flavour to a party now aspiring to rally its own votes, the votes of discontented former supporters of Mr Karamanlis, and above all the numerous non-communist partyless votes which gave the pro-communist EDA second place in the parliament elected in 1958.

The failure of the Centre to achieve structural unity may arouse mistrust among its own supporters. These may grumble against the Karamanlis government, but having become accustomed to the blessings of political and economic stability, they might hesitate to bring to power a mosaic of the Centre which, as so often in the past, might disintegrate into its component parts after its electoral victory. What they need apparently is a guarantee of continued unity which has not yet come from the Centre Union.

Mr Karamanlis and his advisers could hardly have chosen a better time or devised a better set of circumstances for their party, which after six years in power would normally be suffering from wear and tear. Yet if what is at stake on October 29th is the future of Greece rather than the next four years, many Greeks are filled with forebodings at the possibility that another defeat of the centre forces would leave Greece, when it came to an emergency, with none but a communist alternative to its present government.

New Caribbean Club

FROM OUR SPECIAL CORRESPONDENT

A MINOR but odd anachronism ended a couple of weeks ago when the fifteen-year-old Caribbean Commission was reborn with a new name and a more up-to-date membership. On September 6th, at San Juan in Puerto Rico, the four members of the commission—France, Holland, Britain and the United States—held their last meeting, followed immediately by the first meeting of the Caribbean council, the governing body of the new Caribbean Organisation which is to come into formal existence next year. Of the four old members only France, by virtue of the status of Martinique, Guadeloupe and French Guiana (which are departments of metropolitan France), claims full membership of the newly refurbished club: the other three will now be represented by observers only. The new members will be Puerto Rico, the American and British Virgin Islands, Surinam, the Netherlands Antilles, the West Indies Federation and British Guiana.

The conference ended on September 15th with all its main decisions effectively postponed. Nobody seemed at all clear what the Caribbean Organisation is expected to do, and the size of its first annual budget—\$378,000—suggests that it is not expected to do very much. Its declared objective is to foster economic and social development in the region, and this met with general expressions of goodwill. But during the conference some sharp differences of emphasis made their appearance. The Dutch (who were the best prepared of the delegations) visualised the evolution of an eventual common market between the territories. The Puerto Ricans hoped simply to show the rest what intelligent development could do. The British territories hoped vaguely for a sort of Colombo Plan. The French were clearly suspicious of the whole

thing, and their delegates wasted a great deal of the conference's time with punctilious argument over almost every one of the draft rules.

Nevertheless, it was the French who had prepared, with the aid of a young economist detached from the Commissariat du Plan, the document that came to be known as the draft Caribbean plan. In fact, this was not a plan at all, but an incomplete survey that led only to the conclusion that 1.8 million jobs ought to be provided in the area by 1975. The Dutch were the most anxious to put some teeth into the draft, and the final agreement to set up technical working parties, and to hold a further meeting at Georgetown next spring, is a partial victory for their point of view. Another Dutch triumph was the recognition in the final communiqué that the plan, when approved, should not only cover the promotion of industry, tourism and communications, but should

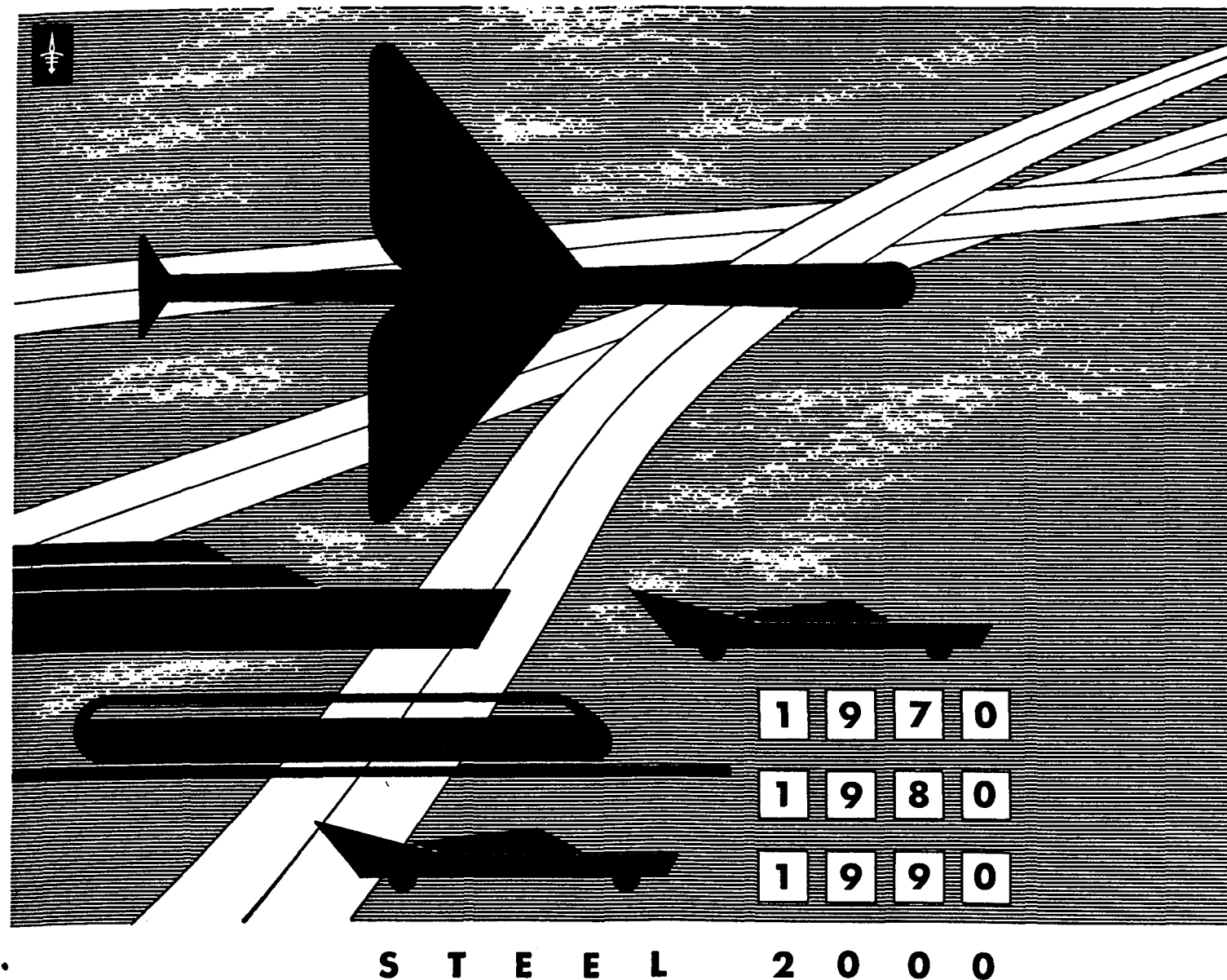


also concern itself with tariff adjustments between the territories as a means of stimulating regional trade.

Even the plan's most ardent sponsors do not suggest that the new organisation should be given any executive authority. Detailed planning and its carrying out will remain the responsibility of the member governments; the organisation will merely provide a forum for discussion and study. The difficulties that the West Indies federal government has been having in reconciling the viewpoints of its own territories have been shown up bleakly by the negative result of last Tuesday's referendum in Jamaica. Without Jamaica the whole future of the federation is in jeopardy, and effective co-ordination with the non-British territories would be far beyond the resources of the Caribbean Organisation.

Every delegation expressed the hope that somehow the organisation would bring more external aid into the area, though none would give it the power to allocate such aid. Conceivably, the organisation may be able to press for help from the United Nations and other sources of assistance, but such pressure would have to be exacted in the most general terms. The old commission had once applied for recognition as a specialised agency, but had been turned down; there was no suggestion at San Juan that this application should be renewed. While the older independent republics in the area remain outside the club, the organisation cannot be called truly regional, and this is a serious stumbling block to recognition.

Some of the delegates to the conference suggested privately that Haiti, the Dominican Republic and even Cuba should in time be invited to join. But there is no chance of such invitations being issued in the near future; in particular, Cuba is unlikely to be accepted either by Puerto Rico or by the West Indies Federation, whose delegates constantly made reference to the part the organisation might play in stopping the spread of communism. The shadow of Dr Fidel Castro hung over many of the discussions, and Mrs Janet Jagan of British Guiana was perhaps the only delegate who was not intimidated by it.



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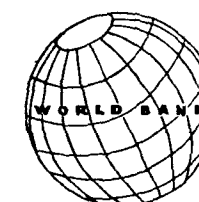
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THE BUSINESS WORLD



Congress in Vienna Touch and Go at the Fund



FROM OUR SPECIAL CORRESPONDENTS IN VIENNA

THE Vienna meeting of the International Financial Organisations has been a tense and tricky one—twenty-four hours before the meeting ends the outcome is still in the balance—but perhaps the most notable feature has been its sober mood. As the big shots of finance ascend the great stairway of the Hofburg Palace under the coldly contemptuous eye of old Franz Josef and work through the social round that takes in the Habsburgs' other remarkable essays in capital formation, the delegates as a whole keep firmly to shop. This is a meeting that has something to do: to strengthen the International Monetary Fund sufficiently to protect the world exchange system against the risk of breakdown. The need for such action is no longer seriously questioned. This is a remarkable transformation from the mood of the Washington meeting only a year ago, but since then there have followed, in quick succession, a flare up in the gold market, an attack on the dollar and, when this was fended off, an upheaval in European exchanges with the biggest-ever run on sterling.

The bankers have been chastened in another way by all the threatening and swift-moving events in international politics—with the tragedy of Mr Hammarskjöld bursting upon the meeting on its first day. No one feels sure what side effects these adverse turns in the political prospect will have on schemes for international financial co-operation between the countries outside the Soviet block; but, equally, no one can put the overriding politics out of their minds. The nuclear holocaust, so a conference story goes, left just two people alive on the globe, and Dr Jacobsson was saying to Professor Triffin: "I still think your scheme is too revolutionary." Certainly the monetary conservatives and those who make a fetish of national sovereignty look increasingly outdated; and the vacuum at the United Nations contrasts sharply with the growing strength and influence of its specialised agencies, the Fund and the World Bank. Simultaneously, both these organisations have reached a new stage in their evolution.

The main emphasis of the Vienna conference has been directed to the Fund's problem. The trouble in simple terms is that, once again, the Fund is running out of money. After an active year of lending, which involved drawings equivalent to \$2,500 million, the Fund's effective resources are very low.

Drawings by twenty-one primary producing countries totalled together around \$1,000 million, but Britain alone took up \$1,500 million. This emphasises again the great disparity between the needed size of stabilisation credits for different kinds of currencies. Clearly the Fund would be quite incapable at present of meeting a drawing by the United States, and it is for this that the new facilities are primarily designed.

THERE has not been any serious thought of an early increase in quotas. The 50 per cent increase arranged three years ago has been successful, but it required a formidable amount of formal negotiation and has yielded relatively small results in the form of currencies that the Fund wants. The emphasis now is on a selective increase in resources through a new form: borrowing. An existing article of the Fund, article seven, already gives authority for this, and the Fund was not formally obliged to seek the sanction of the Board of Governors (the finance ministers and central bankers). In some countries, however, legislation is necessary to permit such lending to the Fund, and Dr Jacobsson concluded at an early stage that borrowing should not be left to be done *ad hoc* but should be arranged through an agreed scheme. As he pointed out on Monday, universal experience is that the assurance of a line of credit itself effectively wards off actual drawing on it.

Dr Jacobsson's aim has therefore been to get agreement in principle among the governors at Vienna for an adequate line of supplementary resources on which the Fund can draw. He has tried to meet some of the reservations by the French and the Dutch, in particular, without compromising the vital elements in the scheme; and his lobbying has been backed up by a major effort by the United States delegation. The Chancellor, as befitted the spokesman of a country that has been by far the biggest borrower at the Fund, stood diplomatically in the middle of the seesaw.

The argument ranges over three main matters—what say the creditors should have in the granting of certain credits; the amounts of the credits; and the limitations on their use. The aim is to get total credit lines equivalent to \$5-6 billion. The United States would commit itself to \$2 billion, the

European Six (or rather five, without Luxemburg) to some \$2½ billion, and Britain for \$¾-1 billion. Other possible participants are Canada, Sweden, Japan and Austria, though Mr Fleming has stated that Canada can undertake no commitment at the moment. One rumour to be heard in Vienna is that there may even be special arrangements to draw off surplus money from the Swiss; the World Bank has found that Switzerland's non-membership is no barrier to its raising money there, and the same should be true for the Fund.

Confident assurances that the Americans had everything sewn up looked distinctly less convincing on Wednesday morning after an inflexible speech from France, delivered not by M. Jacques Brunet, who is France's Governor for the Fund, but by M. Wilfred Baumgartner, the French Finance Minister. In a cold speech he asserted his role as the apostle of monetary order. He made no attempt to hide his distrust of the Fund. This year's co-operation among the central banks had been very successful; if a second line of defence for the industrial countries is needed, he said, this could eventually be arranged outside the Fund. France recognises that there is no alternative to the gold exchange standard—and that is why France "could possibly go a little beyond its present outlay, but under certain conditions."

M. Baumgartner intimated that France was not alone in Europe in its reservations. This was soon borne out by Doctor Holtrop, the widely respected President of the Netherlands Bank. His reflective and original analysis of the present exchange system, which leads him to conclude that in one sense our current troubles arise from excessive liquidity, will be discussed long after this conference has dispersed. He pulled no punches about the contentious matter of safeguards:

The lending countries when the Fund should make a call on them shall have the opportunity, by a collective judgment, to confirm that also in their opinion the special emergency, for which the additional resources have been set aside, has indeed arisen.

The real point here is not consultation—it is inconceivable that the Fund would attempt to use the currency of any member country against its wishes. It is that the creditors are to get together by themselves and then inform the Fund management whether or not it can have the money. The authority of the Fund and of its managing director will not be enhanced by this procedure. For Germany, however, Dr Blessing, while laying first emphasis on domestic adjustments and monetary discipline, threw his weight behind the Jacobsson plan at the key points. He favours "firm commitments"; lending countries should be "fully consulted"; and, while the borrowing powers are intended primarily for support of key currencies, they should not be automatically ruled out for other purposes. Signor Carli of Italy spoke helpfully and with wisdom: "It would be a mistake to indulge a sentimental predilection for the monetary systems of a now distant past."

Provided the hoped-for statement of general intent does materialise at the end of the meeting, the next step would be for the executive directors to work out a detailed scheme, and submit this to the governors by mid-December. Those countries that need to pass legislation to make the scheme effective would then be expected to do so in the course of next year. Dr Jacobsson seems to have few worries about the United States Congress: Mr Dillon himself has indicated that the United States balance of payments is likely to show the

deterioration normally associated with a domestic boom, and in six months' time Congressmen may be positively keen to get the scheme launched. There will be a gap of many months during which the Fund's capacity to lend will be pretty low. But it is now likely that special credits will be granted by Germany and Italy in advance of the multilateral scheme, to replenish the Fund's depleted holdings of marks and lire.

Undoubtedly it has been a chilling experience to find that even these moderate proposals have been so difficult to steer through the necessary channels; plainly there is no hope at all at present for any really radical schemes. No one in Vienna questions that Dr Jacobsson is getting the biggest advance that is immediately practicable; yet clearly there is a danger that what emerges from these discussions may be inadequate. But there is a positive side, too, that should not be ignored.

IN many ways the past year has seen a major advance in international credit arrangements. When Mr Selwyn Lloyd suggested at the Fund meeting in 1960 that drawings from the Fund should henceforth be in the currencies of surplus countries, this was a new doctrine. Now, a year later, it is a commonplace. Drawings have been made in eleven different currencies, including Japanese yen; Italy has exported capital by lending not only to the IMF but also to the World Bank. Now a scheme is under way which is at any rate geared entirely to the use of the strong currencies; and one that will cater for rapid turnrounds in surplus or deficit positions.

The argument whether the International Monetary Fund creates reserves has always been rather academic; now, if there is adequate assurance that the Fund can raise the resources to honour the quotas, there will be a strong case for counting them among effective monetary reserves. On the assumption that all members were eligible to purchase 100 per cent of their quotas, drawing rights in the Fund amounted to the equivalent of \$18.1 billion at the end of 1960—almost as much as the total of all foreign exchange reserves held by national monetary authorities. Arrangements for credits from surplus countries would give the Fund's operations more of a genuine banking character. They represent a broadening as well as a strengthening of the gold exchange standard—and a gold exchange standard at its broadest does, after all, incorporate many of the principles of an international clearing.

The present plan is therefore one step towards a new system as well as a bolstering up of the old. The important task now is to get the plan through and then to accentuate its forward-looking features. It would be an obvious help if one started giving IMF money a name; and if Germany lends marks to the Fund, could these not be passed on as IMF units, which could be freely transferred, so economising in the Fund's resources and forming the basis of a world currency? There is much to be said, too, for centralising dealings in gold between central banks in the International Monetary Fund. Certainly one is bound to wonder how long the link of all currencies to gold can be pivoted simply on a unilateral undertaking by the United States and an informal market understanding with the Bank of England.

There has been no sign of complacency at this year's meeting. The monetary conservative of today differs from

the radical not so much in his analysis of present weaknesses as in his inborn feeling that sound financial principles must involve an unavoidable element of retribution for the backslider. Gold, the dollar, and the pound: fears about all of them form the undercurrent of the Vienna discussions. One growing fear this week has been that the new scheme may be compromised not so much by its arithmetical limitations as by the want of enthusiasm of some countries for it. Every grouse against the "burden" of putting sterile gold into interest-bearing, gold-guaranteed and readily encashable paper dilutes the usefulness of the credits agreed. The United States now realises in full its own direct interest in a smooth

Mr Black's Two Hats

IN fifteen years under Mr Black's leadership the World Bank has made a prodigious contribution to economic improvement. It now faces problems of its own success. In the year to June the Bank undertook new loans of \$610 million; the previous year's figure was \$658 million. Of its total disbursements of \$4,320 million to June, \$1,452 million had already been repaid or sold by the Bank to investors. These figures might almost suggest that the Bank is reaching its zenith at an age when most financial institutions would be in their infancy.

Most of the reasons for this stem from the fact that the Bank has from the first been a commercial operation and will remain so. Its interest charge, slightly reduced last year to 5½ per cent, is close enough to market rates to deter some would-be borrowers. Again, genuinely bankable projects are becoming increasingly scarce, particularly in countries that have already borrowed quite enough abroad to service from their unimpressive foreign earnings. Mr Black, though wise and liberal in his banking, has long been anxious about this.

But the significant fact to emerge from this Vienna meeting is that Mr Black is becoming less of a banker and more of a universal uncle in economic development. A short and remarkable achievement in the bank has convinced him that commercially-based lending operations that merely scratch at a gigantic surface of want are unavailing for the needs of many of the developing countries. On the India and Pakistan Consortium he says "too much of the capital will be provided on terms that bear too heavily on the balance of payments of the recipients." An enquiry by the Organisation for European Economic Development found that more than half of the official capital provided to underdeveloped countries in 1956-59 was made in outright grants; and the United States and France provided nine-tenths of this uncommercial credit. But the ratio of hard credit is now increasing again, and if development is to go on moving ahead, aid will need a greater component of funds by grant or on terms comparable to IDA's.

This young lady (International Development Association for the precise) began her operations in November last year and has made six advances of \$137 million to date. Each of these loans (typical examples are for highways and agriculture to Honduras and the Sudan) runs for fifty years with no interest charges and no repayment of capital in the first ten years. This pattern of lending, not necessarily fixed, may scare some bankers; but it does not scare Mr Black. IDA

flow of world payments; must one wait for the next run on the franc to prick the indifference of the Europeans?

A fanatic, as Mr George Ball reminded the conference on Tuesday, has been defined as a man who redoubles his efforts when he has forgotten his aim. One must not become a fanatic about international credit, either a conservative fanatic or a radical one. The best credit scheme does not remove any of the need for adjustments in domestic policies, nor should it dam up indefinitely necessary adjustments in exchange rates. The bankers' job, internationally, is the limited but crucial one of ensuring that credit or the lack of it does not get in the way.

indeed applies the same tests to an applicant—for example, its readiness to mobilise its internal resources for development—as does the World Bank. Its concession—and it is a big one—is to provide interest-free money for as long as fifty years to countries that would be unable to borrow abroad at all on conventional terms.

Indeed, Mr Black's two hats sport the same band, because IDA is jointly run by the Bank and serviced by its staff. So far IDA's operations have been joined with collateral loans by the Bank—evidently a large element of judgment must govern the apportionment of the two kinds of credit. But some projects would never be suitable for the Bank, such as the municipal water supply that IDA is financing. Already IDA faces a major job of expanding its resources. These are always likely to be short in relation to the amount of capital that would be demanded at zero interest. But they are short in the more urgent sense that India and Pakistan could easily mop up the whole of IDA's present resources, with nothing left over for the many projects that are coming forward from other countries. There were observers at Vienna this week who suggested that the decline of the World Bank's business on commercial terms might not be unrelated to IDA's entry into business on uncommercial terms. But in many developing countries the limits of safe commercial borrowing have been reached; several of them have a pile-up of repayments to make in the next few years and already the service of their external debt is imposing increasing strain on their precarious balance of current payments. The safe and sane way, Mr Black says, of averting financial trouble for such countries is to maximise the flow of official capital provided for long periods and at token interest.

It hardly needs saying that all this was well received by the developing countries. Listening to the spokesman for Pakistan, for example, one caught all the expected echoes—criticism of consortium credits supplied on hard terms; no likely prospect of expanding the foreign exchange earnings of the developing countries; and a demand for a substantial increase in IDA's resources. Increasing IDA's resources will indeed be the cry of the future for the "Part II" countries, who subscribe only 10 per cent in convertible funds and the rest in their own money, usable only with their consent.

Machinery for bigger subscriptions to IDA will involve some statesmanlike engineering on the Bank's part, in addition to much supplementary technical work such as the new development advisory service. Mr George Ball voiced

American recognition of the need for enlarged IDA funds very soon. The British Chancellor of the Exchequer managed to sound less enthusiastic for the idea when he noted that, in spite of our own financial stringency, we had not cut foreign aid: the question of IDA's resources, he suggested, did not seem to be a problem for immediate decision; we would hope "to be in a position to play our part in enabling it to continue its activities when the time comes"; but even this was footnoted by the need to take into account the relative capacities of the different members to make additional contributions.

This is clearly the way that much of the aid has to go, with no pretentious undertakings about quick repayment or economic interest rates. But a free-handed, altruistic international exercise of this kind may not be the only means of increasing the total funds that would be available for

lending to underdeveloped countries. Private capital is often enough invested in some of them with no serious expectation of return for a decade or more. The Bank is looking into the possibility of insurance for private investment against non-commercial risks and of arbitration in disputes.

Complaints against "commercial terms" will be redoubled if there are significant prospects of plentiful money at an exiguous service. And if, as is only likely, there are plenty of nervous "Part I" capitalists, bankers and taxpayers, they have the proved efficiency and skill of the Bank's procedures of enquiry and assessment in borrowing countries to calm their fears. When bankers turn to lending money for nothing, eyebrows ought to be raised. But this time they have to be raised imaginatively towards the practicalities of an economic job that cannot be shirked.

Stronger Props for Prices?

THE Commonwealth sugar agreement aims at reconciling the interests of consumers in this country with the claim of Commonwealth producers for a decent income. A British official who took part in these negotiations some time ago said that the task would be simple but for the producers' double scale of values. The prices they paid were always reckoned to be too high, and those they received were invariably considered to be too low.

If producers then believed that there were two sorts of prices, they will have been strengthened in that belief by the course of prices over, say, the past decade. Since the end of the Korean boom, commodity prices have ebbed steadily in spite of efforts by primary producers to halt the slide: yet the cost of manufactured goods has continued to creep up in spite of all attempts to stamp out inflation by the industrialised nations. Primary producers are therefore paying more for imports of manufactures and getting less for each unit of exports than at any time since the war, while the development schemes which they hope to finance through bigger exports have grown more ambitious.

The idea of a stark contrast between busy industrialised countries self-confessedly pre-occupied with getting rich quick and neglected and miserable underdeveloped states having to struggle increasingly hard for a living seems to have gripped the authors of recent United Nations economic reports. One of the latest claimed that international control of production and exports "remained a possibility still unexploited except for a few products." Officially, it seems the United Nations does not recognise the existence of any sort of stabilisation scheme that has no elaborate mechanism for representing the interests of consumers. Yet the price of several key commodities, including copper and nickel, and to a minor degree also jute and soon, perhaps, wool is partly influenced by the main exporters. The "few products" subject to the full rigours of international agreements sponsored by the United Nations are formidable. Agreements already cover wheat, tin, sugar and coffee. An international cocoa stabilisation scheme awaits ratification, and lead and zinc output is regulated when the occasion demands by voluntary curbs accepted by producer members of the UN lead and zinc study group.

Participation in commodity stabilisation schemes has some-

times been painful, but considerable experience in working them has now been gained. Existing stabilisation schemes do not seem to have brought producers very substantial benefits; the prices of some of the commodities they affect are among the weakest. *The Economist* commodity price indicator (base 1958=100) has relapsed to 93.2 and is now lower than at the beginning of the year. Then western Europe and Japan were booming; they are advancing still, but less certainly. The long-awaited American economic revival has arrived, but with industrial production in nearly all the dozen or so industrialised countries at or near its peak, commodity prices remain depressed.

Metal prices have been held down by disappointing consumption in western Europe, and if Britain's experience is typical, consumers may wish to reduce their stocks quite substantially. With the exception of the two American companies that have announced the resumption of maximum production, all the major *copper* producers are continuing to keep their output or sales below capacity. Even with a nominal reduction of 10 per cent, there was a prospect of a surplus this year of more than 100,000 tons. Although consumption in the United States has been strong enough to absorb this potential surplus, the relatively small further increase in consumption forecast in western Europe is less likely to happen. The ending of the complete stoppage at all important mines in Chile has exposed the weakness that underlay the market, and this week spot copper slipped to £228 a ton.

Restriction of *lead* production, and the connected barter deals under which the United States absorbed the surplus lead that producers voluntarily held off the market last year, has not produced the expected rise in lead prices, which at £64 a ton for spot supplies have relapsed to January's level. But the expected decline in *zinc* following an increase in production has occurred, and spot supplies have fallen to £74½ a ton. The price of *aluminium*, which competes with the older metals, particularly copper, has been left unaltered this year at £186 a ton, but nickel was raised £60 to £660 a ton in July, after being maintained at £600 a ton for more than four years by International Nickel, which controls about 60 per cent of the West's supplies and is therefore confident that it will enjoy the wider market that its policy creates.

Tin producers could scarcely conceal their joy at the failure of the buffer stock managers' attempt to prevent the price rising above £880 a ton. They have already seen a rise of £150 to £939 a ton this year, and feel that they have been balked of still larger gains by the proposed release of metal from the United States stockpile. The vehemence of their denunciation of this American initiative, which may in fact have been inspired mainly by the prompting of the International Tin Council, should strengthen the United States' wish to join the Council and by accepting its decisions shift some of its present unpopularity on to other shoulders.

Fibres have failed to show the improvements this season that had been expected. *Wool's* shaky performance at this month's auctions reflects the sudden worsening of Japan's balance of payments; Japanese buyers were the main prop when prices recovered earlier this year. Without that support, there is little chance of much further improvement in prices this year. At their peak in May, merino 64's fetched 98d. a lb.; the price has now slipped back to 93d. a lb. *Cotton* growers have been afflicted by storms in the United States and unusually severe attacks by pests in Egypt, but neither the medium staples grown mainly in the United States or the long staples grown principally in Egypt and the Sudan have yet shown any marked response in prices.

Jute has fallen from the unsustainable level of £210 a ton for "firsts" that throttled trade in this fibre in the early part of this year. Supplies of jute from the new crop will be adequate in Pakistan, the main exporting country, and in India, which since partition has made itself independent of Pakistan's jute on which Calcutta's jute mills once depended. In contrast to the restriction of output at the jute mills which was made necessary by the scarcity of jute last season, these mills will be strained this season in absorbing all domestic supplies. The quality of Pakistan's crop is poor and has caused a wider spread between the best and lowest grades of fibre. After falling to £118 a ton, firsts have rebounded to around £137 a ton, but are likely to recede again later in the season.

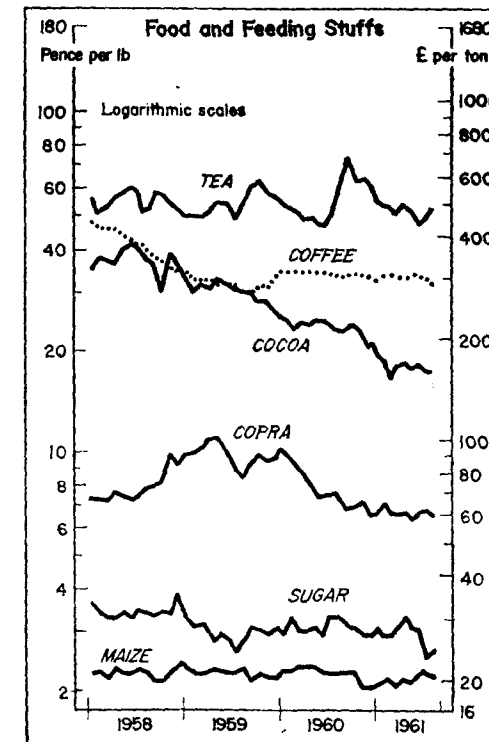
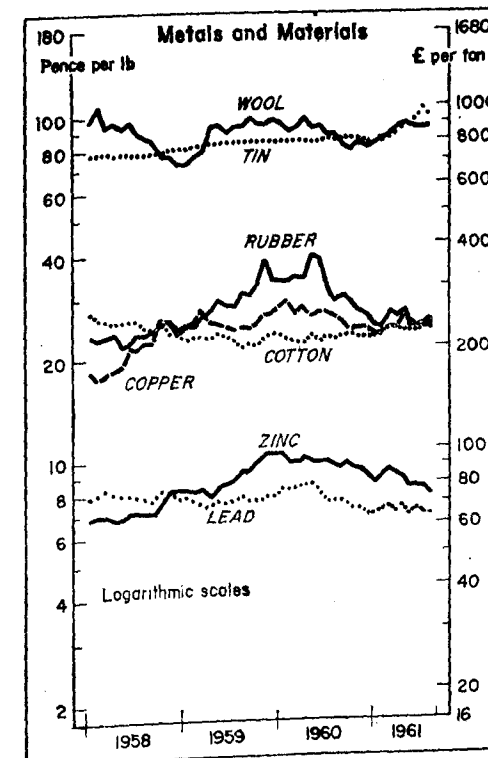
Though the current temporary surpluses of basic materials are not serious if allowance is made for a continuation of the steady rise in consumption, the glut of food-stuffs seems a more intractable problem. More confidence in *coffee* prices will follow the strengthening of the new International Coffee Agreement now under discussion, particularly if the United States becomes a member. But while much of the coffee that is produced is not actually drunk,

there can be little hope of a significant reversal of the downward drift in prices. Uganda robustas remain at £143 a ton, compared with £170 a ton last October.

A hefty surplus of *cocoa* remains from the last two crops, and quite a large surplus will probably be left over from the new crop. But the price has remained firm at £161 a ton, and since a stabilisation scheme was first discussed the possibility of its general acceptance has increased perceptibly. The "free" price of *sugar* has not recovered beyond £24 a ton, though the working of the present international agreement is now being reviewed in Geneva, and many delegates would probably support an attempt to regain more effective control of prices during the two years' life of the current scheme.

With so many commodities in distress, Britain's decision to apply for membership of the common market has come at an embarrassing time. Nearly all primary producers, directly or indirectly, have something at stake in these negotiations, and their fears are magnified by the failure of a high level of production in the industrialised countries to guarantee them a satisfactory price for their exports. Many of these primary producers feel outraged by the adverse turn in their terms of trade, which have run in favour of the industrialised countries ever since the elimination of post-war scarcity.

When farmers in industrialised countries are frustrated in this way, they usually have ample opportunity for letting off steam at price support discussions, or even have the occasional opportunity to shy a rotten egg or tomato at an official representative. But primary producers seldom have such an opportunity. The result is usually to embitter trade discussions or to encourage excessive optimism among them over trade with the communist countries, which buy a narrow range of commodities in a small number of markets and thereby make a greater impact politically than the volume of their imports would seem to warrant. After years of refusing to consider the merits of stabilisation schemes seriously, the American government appears to have decided now that support for these agreements is a sound political policy, even where there are lingering doubts about the economic wisdom of interfering with prices. If the United States goes beyond its present announced intention of considering membership of the international coffee and tin agreements, price support schemes would be given a timely shot in the arm; confidence in their effectiveness has been given a severe jolt this year.



BUSINESS NOTES

THE ECONOMY

One-legged Expansion

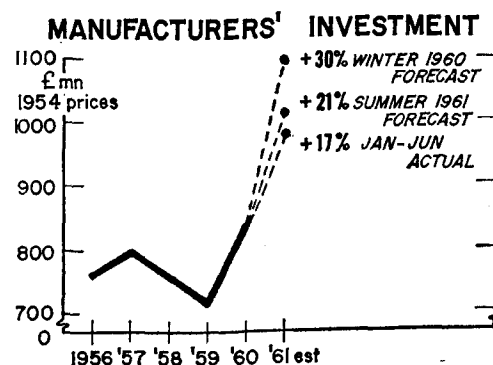
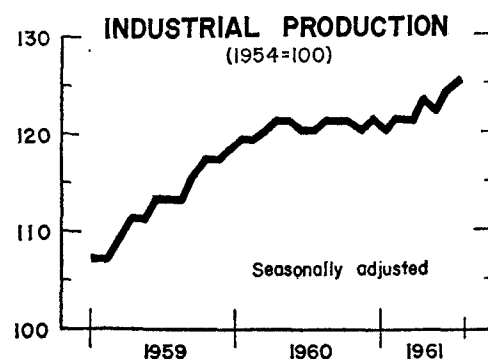
WHEN the Chancellor was devising his measures two months ago to restrain Britain's demand for other countries' output, almost all available evidence pointed to the continuing stagnation of this country's own industrial production. In fact, at the time it had been rising. By July, figures published by the Treasury this week show, industrial production was about four per cent higher than at the beginning of 1961, allowing for the purely seasonal differences that can affect rates of output between different months, and manufacturing output was about five per cent higher. Previous calculations for certain of the earlier months of the year have also now been revised upwards, with the result that for the second quarter as a whole production is now reckoned to have been about two per cent larger than during the first quarter. As manufacturing employment has remained approximately level during these six months, this has meant some slight, though wholly welcome, increase in productivity—in direct contrast with the record of the previous twelve months or so.

This is not quite so fast a rate of growth as in the same months of 1959, when the British economy was last undergoing a bout of expansion. Nor is it quite so broadly based. Significant gains in output so far this year have largely been confined to the engineering and construction industries—generically, the capital goods suppliers—and a few others, principally some of the food and chemical trades. Vehicle output has also been rising, but it is still running well below the peak levels of the spring and summer of 1960. Perhaps more notable, on the other hand, is that this extra production has been registered in face of a very marked pause this year in stockbuilding by manufacturing industry (chart on page 1185). During the first six months of 1961 manufacturing stocks rose by only £37 million (1954 prices, seasonably adjusted), as against increases of £297 million in the second and £164 million in the first halves

of 1960: most of this year's small overall increase has stemmed, moreover, from the growth of work in progress in engineering, plus some accumulation of finished goods stocks in textiles and clothing. The cutting back of the import bill for raw materials and partly-processed manufactures arising from this virtual cessation of stockbuilding is welcome: less so is its depressing effect upon the current production rates of certain industries. The steel makers, for one, have now been hit badly by a complete turn round in their customers' stock policies: since July the run down of steel stocks appears to have gathered considerable pace. If this process should spread—and distributed stocks in the hands of wholesalers and retailers have risen more sharply this year, especially in the first three months, than during any comparable period since at least 1957—then the nascent upswing in industrial output may not survive for very long.

For How Long?

OF equal, though perhaps not quite so immediate, import for the prospects of sustaining this long awaited sign of growth are the Board of Trade's latest soundings of industry's capital expenditure plans. Since last winter investment programmes for the present year have in total been revised quite sharply downward, largely because a number of motor manufacturers and their suppliers have decided to take rather longer over the completion of their new capacity. Instead of the thirty per cent increase then reckoned for capital outlays in 1961, manufacturers now expect to spend only about 21 per cent more, roughly in line with their original forecast in summer 1960. For 1962, the initial feeling, from soundings before the Chancellor's measures in July, seems to have been that of spending no more than this year. Commercial investment is still expected to be about ten per cent larger this year than last, and to show



almost as large an increase again in 1962. By mid-year, it should be noted, however, actual spending by manufacturers had reached an annual rate only 17 per cent above the whole of 1960, while commercial investment was three per cent down.

Hitherto these six-monthly soundings have failed to earn any reputation of real reliability—this time last year, for instance, manufacturers quite inaccurately raised their estimates for 1960 very sharply upwards. But the less ambitious target set for manufacturing investment in 1962 does fit in with the recent decline in engineering orders and in industrial building contracts received by contractors and architects. The capital goods suppliers still have a heavy volume of work in front of them and they should be able to maintain or even increase their present output rates until at least well into 1962. Beyond then, prospects are now decidedly doubtful.

ATOMIC ENERGY

Better Bookkeeping

SOMEONE—to be precise, the Committee of Public Accounts—has at last taken the Atomic Energy Authority to task for the way it presents its annual report, that monument of non-information designed to conceal not only the cost of the AEA's military work but pretty well everything else as well. While the committee accepted the security restrictions as perfectly sensible, it could see no reason why the AEA should not be a modicum more forthcoming about its purely commercial operations, especially since these seem to be involving a sizeable loss and there is nothing that stimulates a PAC's terrier instincts more than the scent of a buried deficit. At one point during the AEA's evidence the following exchange occurred:

Col. Crosthwaite-Eyre: Looking at your balance sheet, is there any way in which the average person could discover that you had waived £10 million in royalties on the first four (civil nuclear power) stations. There is no defence secret about that in any shape or form?

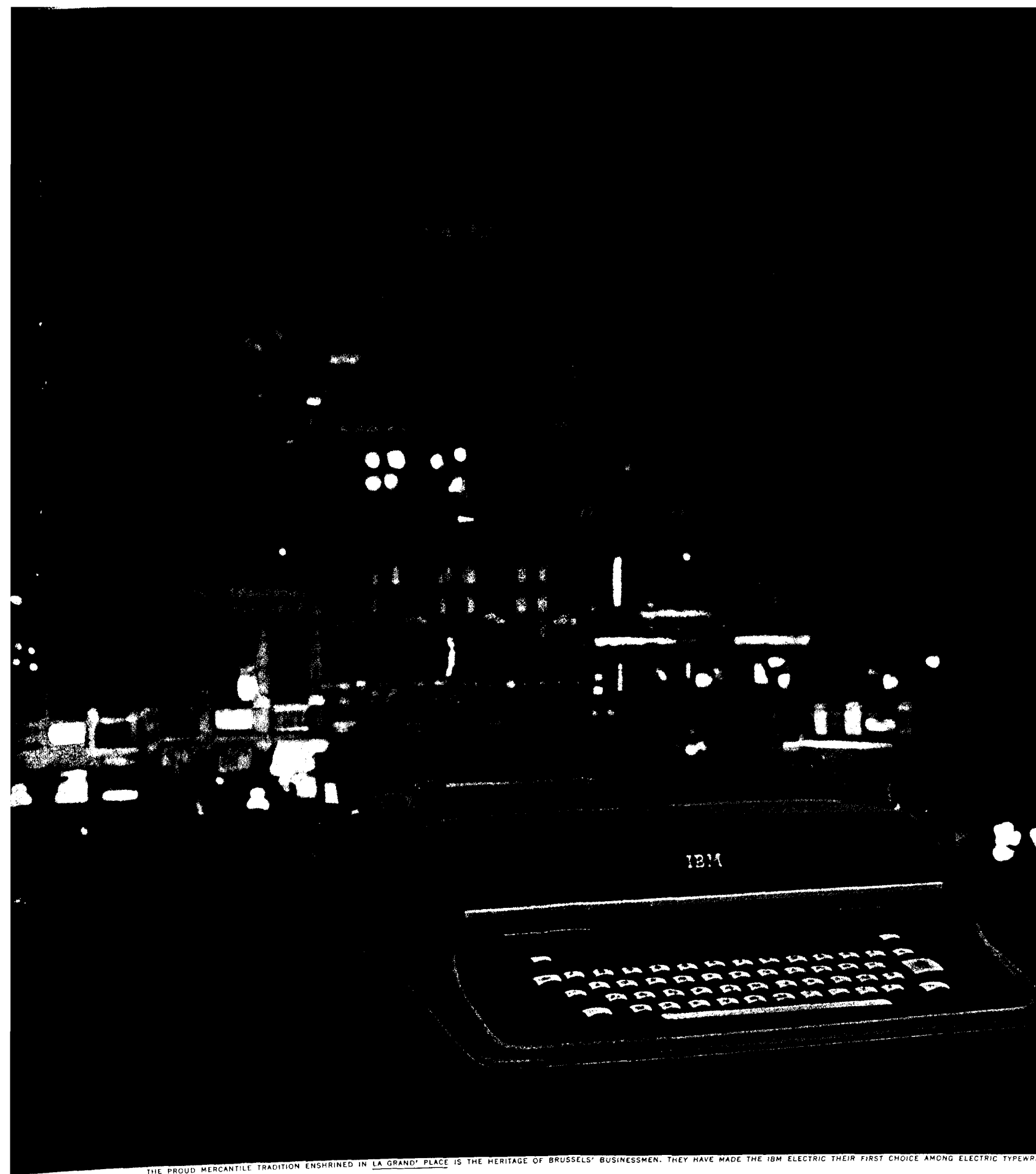
Sir Alan Hitchman for the AEA: No, it does not appear in the balance sheet.

Col. Crosthwaite-Eyre: There is no way in which anybody could possibly discover that unless he were a member of this committee. . . . Am I right in that?

Sir Alan Hitchman: It is a matter of public knowledge.

Col. Crosthwaite-Eyre: No, it is not a matter of public knowledge, it should be reflected in your balance sheet. . . .

Nor did the PAC and the Authority appear to see precisely eye to eye on what constituted a profit and what a loss. The



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Authority, for example, said in its evidence that while a small loss would be made on the manufacture of fuel elements for the first four power stations, it intended thereafter to recover its costs. But, said the committee in its final report, "It appeared, however, that the Authority have incurred large losses (not small deficits), mainly through over-provisioning of materials for the nuclear power programme and these losses, which include substantial writing down of stocks . . . are not separately identified in the Authority's accounts." Indeed the Authority said flatly during the summer that it had not written down any stocks in the latest balance sheet available, for March, 1960, when its holding of raw materials was shown at a book value of £80 million, a rise of £30 million in 12 months.

The outcome of this series of fairly tart exchanges is the likelihood that the Authority will in the future publish a good deal more information to satisfy the kind of questions on which the committee pressed it hardest, namely the cost of its research, and details of its trading operations such as royalties from power stations, sales of fuel, losses on stocks. It is difficult to see why the AEA should ever have been so reticent. To have stated its position more openly would have greatly strengthened its hand in bargaining with its main and most formidable civil customer, Sir Christopher Hinton, who has certainly got the better of the Authority on the question of royalties and seems likely to get his own way in fuel too. And a little more information might make it easier to discover what, precisely, nuclear power is costing Britain—a great deal more, by all accounts, than Sir Christopher is paying for it.

BANK ADVANCES

The Pressure Revealed

It would appear that the bankers have at last got their advances under control. For almost two years now they have been pulling hard on the reins with little effect

and the earlier checks always proved to be short-lived. The latest quarterly classification of bank advances by class of borrower, however, shows that the banks' tighter scrutiny is taking effect; advances by all members of the British Bankers' Association rose by only £31 million in the three months to August and only £4 million of this increase came from the clearing banks. This is the smallest quarterly increase since February, 1958, and compares with a total increase of £316 million for the first two quarters of this year.

In the latest three months ten of the twenty-six borrowing groups show a reduction in advances. But the reductions are in unexpected places: seven of the ten are in the industrial section. The groups that were expected to bear the brunt of any cut-back show in some cases relatively large increases. Advances to hire purchase (due

BRITISH BANKERS' ASSOCIATION

	3 mths. to Aug., 1960	3 mths. to Aug., 1961	12 mths. to Aug., 1961	Total at Aug., 1961
Personal & professional	+11	Nil	+15	705
Hire purchase	-5	+12	+15	158
Retail trade	-11	-17	+10	368
Industry and other trade	+64	+11	+317	2,115
"Other financial"	+4	+12	+24	350
Other groups	-4	+13	+20	221
Change in total	+59	+31	+401	3,917

for a 20 per cent cut by next January) and the other financial groups, which includes the property companies, both rose by £12 million in the three months, bringing their respective increases so far this year to £22 million and £44 million. On the other hand the growth in personal and professional advances, one of the fastest growing groups in the past, has been checked, while advances to the local authorities rose by only £1 million.

Advances to industrial borrowers rose by only £11 million in the three months. This follows an increase of £235 million in the first half of 1961 and compares with a rise of £64 million in the same quarter of 1960. The only increases of any size were

in engineering (up by £13 million to £490 million) and in building and contracting (up by £7 million to £175 million) while falls were registered by chemicals (down by £12 million to £53 million), iron and steel (down by £3 million to £95 million) and in food, drink, and tobacco (down by £11 million to £215 million) where, as in the retail trade, seasonal influences tend to reduce advances in the summer. The sharp check in the growth of industrial advances has already been reflected in the number of new issues in the capital market.

IN THE MARKETS

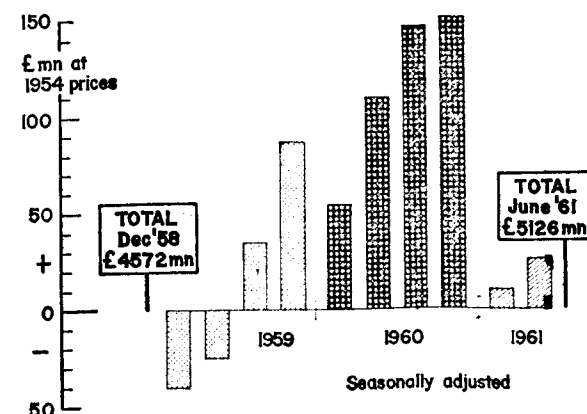
Under Restraint

In the last six weeks, leading equities have moved no more than one per cent either way of a mid-point, as established by the *Financial Times* index, of 310, and no more than 1½ per cent of a mid-point, as established by *The Economist* indicator, of 365. This reflects the low level of business in the stock exchange, but it also helps to emphasise that the volume of selling has not been heavy at these comparatively low levels. A small fall in prices, indeed, has usually encouraged a little buying but any thought that this might produce a more sustained rally has been frustrated, first, by the continued uneasiness about the British economy and, secondly, by the disturbing influence of international tensions. This was again the case on Monday when the market broadened and prices rose, only for this rally to be nipped in the bud by the news of Mr Hammarskjöld's death. In all, equity prices were little changed on balance, with *The Economist* indicator falling slightly to 361.2 in the week to Wednesday's close. Investors have not lost their faith in the long term prospects for equities and this was illustrated this week when dealings took place in the Courage Barclay and Simonds convertible debenture at premiums ranging up to 8½ points on the issue price of £99 per cent (£25 paid). This issue was over-subscribed four times, not because of its 6½ per cent coupon but because the conversion rights into the equity were attractive. But at the moment investors seem to prefer to take a two-way bet like this rather than to go whole-heartedly back into the equity market.

There has not been much movement in gilt-edged prices, though the market in the medium dated issues was looking rather firmer in the middle of this week. In the mortgage market, on the other hand, short term rates have again hardened and some of the smaller councils have paid 7½ or 7¾ per cent for seven days money. The hardening of the rates reflects not only the approach of quarter day but the withdrawal of funds by some big industrial companies and the cutting-back by the banks of temporary loans to the local authorities. The capital market, too, continues to feel the impact of the credit squeeze and of the curtailment of advances by the clearing banks.

The Stockbuilding Pause

The stockbuilding boom in manufacturing industry came virtually to an end at the beginning of this year. Small gains were registered in the first two quarters, but they were the smallest since 1959. Stocks of wholesalers and retailers rose very sharply in the first three months and rather less so in the second quarter, but not to change the general picture of only a marginal increase in total stocks so far this year.



Further Rights Issues

THIS was evident this week in the announcement of further rights issues. The directors of Debenhams, for example, have been forced by the rise in interest rates to review the capital expenditure programme and to extend it over a longer period. But they have decided to go ahead with fifteen major schemes that are in an advanced stage of development. Their completion will cost about £4.2 million over the next eighteen months and as the group only has the minimum cash balances required for trading purposes and as, presumably, the banks were not prepared to lend, the directors have decided to raise about £4½ million by a rights issue. One new ordinary share at 42s. 6d. for every fifteen shares held is being offered on the basis of higher profits in 1960-61 and a maintained dividend of 1s. 11d. per share on the bigger capital. Thus, with the shares standing at 51s., the rights are worth 6d. and the ex rights yield is 3.8 per cent.

Morgan Grenfell has underwritten this issue and also the rights offer by Laporte Industries of one new ordinary share at 18s. for every five held, designed to raise about £4½ million. This money is required to complete the group's expansion programme, including that of Howards and Sons which Laporte acquired in February. Just over a year ago, this chemical manufacturing group raised about £2½ million by a rights issue and its shareholders will no doubt be relieved to hear that while the first call on the latest issue is in October the final call will not be made until January. But it remains to be seen how far shareholders will be prepared to support this issue, for the directors indicate that profits are falling though they expect to maintain the dividend at 10½ per cent on the increased capital. The immediate reaction in the stock market was to mark the shares down by 2s. 9d. to 20s., to make the rights worth 4d. and the ex rights yield 5.4 per cent.

Doubts in Wall Street

A correspondent cables:

NERVOUSNESS on Wall Street increased this week and equity prices fell sharply as a result, with almost all groups coming under pressure. Dealers attribute the sales to the heightening of international tensions and to increased fears that the administration is pursuing an aggressive policy towards business practices, particularly in anti-trust actions. The Dow Jones industrial average fell close to the 700 mark before a renewal of support brought it back to 707 on Wednesday. Pundits in the market think that the average may go lower because of the absence of any widespread demand for equities.

A really marked decline, however, is not considered likely because the prospects for the economy and industrial profits are good. Institutional investors are prepared to add to their purchases if selling by private in-

vestors increases as they take the view that the latest fall is typical of a maturing bull market and that it should be followed by another rise, in which, however, buying is likely to become increasingly selective. With the Federal Reserve continuing to pursue an easy money policy, largely because the demand for credit remains moderate, the public has funds available both for speculation and longer term investment. But expectations that the Dow Jones average might rise to 800 before the end of the year are now thought to be too optimistic and until the Berlin and Congo crises are settled the brokers are advising their clients to be cautious.

SHIPBUILDING

Accentuating the Obvious

PERHAPS one should not begrudge Mr Marples his study tour of continental shipyards. Personal impressions usually

sink deeper than—if they only serve to confirm—the succinct monochrome of other peoples' reports, such as the industry's own productivity report on Swedish shipbuilding, finally published two weeks ago, and perhaps also the report he should receive next month from the firm of accountants set the task of finding out why British ship-owners have been placing more of their orders overseas. But, judging from his replies to questions on his return at London airport, the Minister of Transport did not discover anything new. The quality of British-built ships is admired, he said. But British yards are behind on prices and delivery dates, and one of the main reasons for this is the "greater harmony" between continental managements and their men. There, most shipyard managements divulge to their workers the full facts of the firm's situation, thus creating an atmosphere of trust. This, in turn, is greatly helped by the fact that all, or most, shipbuilding workers are represented by a single union, which in practice has long meant the complete

BALANCE OF PAYMENTS

The Right Direction

PROVISIONAL estimates of the United Kingdom balance of payments for the second quarter of 1961 are broadly as expected. The improvement in the balance of visible trade recorded in the previous quarter has continued, with a fall in the estimated deficit to £40 million, against £87 million in the same quarter of 1960. Exports and re-exports were virtually unchanged, but imports fell by £29 million compared with the first quarter of 1961. Invisible transactions showed a sharp improvement, from being literally "invisible" in the first quarter, to a surplus of £25 million in the second. The identified balance on current account was a deficit of £15 million, compared with a deficit of £68 million in the first quarter of the year and £50 million in the corresponding quarter of 1960.

On the capital account net private investment abroad was £83 million, a high figure which gives some point to the Chancellor's announcement in July of a "more severe" test of investment projects in non-sterling countries. The support operations of the European central banks are included in "monetary movements." Without this support the fall of £175 million in the sterling holdings of the non-sterling area countries would have been considerably larger, but equally any such fall would have been balanced by an equivalent fall in the United Kingdom's assets. As it is, the fall of £89 million in the gold and convertible currency reserves is partly offset by a reduction of £13 million in overseas sterling holdings and an improvement of £15 million in other monetary movements. The balancing item, a little surprisingly in view of the outflow of short-term capital, remained positive at £25 million.

UNITED KINGDOM BALANCE OF PAYMENTS

		1960				1961*	
		I	II	III	IV	I	II
CURRENT ACCOUNT							
Imports (f.o.b.)...	1,022	1,029	1,005	1,054	1,050	1,021	
Exports (f.o.b.)...	966	942	859	945	982	981	
Visible Balance...	- 56	- 87	- 146	- 109	- 68	- 40	
Government (net)	- 75	- 67	- 69	- 73	- 85	- 86	
Other invisibles (net).....	+ 87	+ 104	+ 79	+ 73	+ 85	+ 111	
Identified Current Balance	- 44	- 50	- 136	- 109	- 68	- 15	
LONG TERM CAPITAL A/C†							
Inter-Government loans (net)...	- 17	- 20	- 14	- 40	- 21	+ 23	
U.K. subscription to I.M.F., I.D.A. and European Fund.....	+ 1	...	...	- 11	...	...	
Other U.K. Official Long Term Capital (net)...	...	- 2	- 1	...	- 2	- 11	
Private investment (net).....	- 37	- 63	- 36	+ 44	+ 48	- 83	
Balance of Long Term Capital ..	- 53	- 85	- 51	- 7	+ 25	- 71	
Balance of Current and Long Term Capital	- 97	- 135	- 187	- 116	- 43	- 86	
BALANCING ITEM	+ 123	+ 60	+ 115	+ 66	+ 72	+ 25	
MONETARY MOVEMENTS‡							
Overseas sterling holdings:							
(a) R.S.A. countries...	- 34	+ 4	- 97	- 97	- 39	+ 163	
(b) Non-sterling countries...	+ 19	+ 118	+ 226	+ 241	- 131	- 175	
(c) Non-territorial organisations	- 17	- 27	- 57	- 55	+ 4	- 1	
Gold and convertible currency reserves	- 16	- 40	- 77	- 44	+ 75	+ 89	
Other monetary movements	+ 22	+ 20	+ 77	+ 5	+ 62	- 15	

* Provisional. † Assets: Increase -/decrease+. Liabilities Increase+/decrease-.



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absence of demarcation rows and a considerable degree of flexibility for moving men from one section of a yard to another.

Repetition of the blatantly obvious may perhaps be called for to induce any real change in this industry, although Mr Marples's anxiety to promote harmony in shipyard labour relations may run him into his own kind of demarcation difficulty with the Minister of Labour. But there is a world of difference between willing something and achieving it. The craft unions in shipbuilding have been talking about amalgamation for at least five years. So far the blacksmiths have joined forces with the boilermakers, and now the executives of the two biggest unions, the boilermakers and the shipwrights, have just decided to recommend a kind of amalgamation to their members. But in the proposed joint organisation the 'platers' and 'corkers' would retain "full autonomy" to deal with matters concerning their respective trades; they would still elect their own officials and control their trade procedure.

However, this is a step, albeit limited, in the right direction: traditions die hard. But Mr Marples could indulge his fondness for action in his own direct dealings with the shipbuilding employers. There can be no response without prior initiative, and the first step towards productive harmony in British shipyards can only be taken by management. Lack of imagination and a deep-seated frigidity towards the idea of genuine co-operation characterises the labour policy of too many British yards. There are some exceptions, but their productivity record and relative success in winning orders has not yet helped many of the others to see the light. Possibly the hard tack of depression, which they now face, may make some difference, though slumps are not always effective medicines. One point is certain, however. Mr Marples is right to turn his back on the idea of government subsidies; they even more rarely cure inefficiency.

SYNTHETIC FIBRES

Enter Polypropylene

POLYPROPYLENE is one of the most versatile plastic materials; apart from its normal use as a moulding powder, it can be made into a fibre like nylon or Terylene. Now that Imperial Chemical Industries has begun to produce it under the trade name "Ulstron" in a pilot plant at its Wilton plant, one can begin to see how much of a price advantage this material has over the other synthetics. Only yarns that are suitable for ropes and fishing nets are being made so far: but these are nearly 25 per cent cheaper than comparable nylon or Terylene and, ICI claims, they have some advantages for such uses. To produce polypropylene yarn for clothes requires first solving the problem of dyeing a material that is even more resistant to normal

methods than are the other synthetics, and ICI will not commit itself to any date for the introduction of such materials. Montecatini, the Italian chemical company that pioneered the development of polypropylene and from which ICI has the exclusive rights to produce polypropylene yarn in Britain for clothes, is doing much research on the problem and seems to have gained some success; but the methods used seem still too expensive to be practicable for use on what should be a cheap synthetic material.

Industrial applications, therefore, will be the only ones for polypropylene in the immediate future; but ICI evidently ex-

pects that these will prove substantial, for its first full-scale plant, which will start production at Wilton at the end of this year, will have a capacity of 2,250 tons a year. This will allow it to use more than 20 per cent of all ICI's output of polypropylene polymer, which amounts to 11,000 tons a year now and could reach 22,000 tons in 1963. But in the long run, if the problem of dyeing the material can be solved, fibres are expected to account for at least 30 per cent of production. Carpets are likely to form a substantial market for it as well as clothes; and when production of the yarn and of the polymer reaches the really large

AIR SAFETY

Death in the Sky

EXCLUDING the crash that killed Mr Hammarskjöld and 12 of his companions, there have been five major accidents within the month to civil airliners on routine commercial flights and close on 280 people have died in them; the pilgrims who stepped out of their wrecked aircraft on the Dublin main road last Tuesday night might well think it miraculous that the total did not exceed 350. Nearly 1,000 passengers and crew have been killed in civil air accidents in various parts of the world so far this year, not counting those who crashed in privately-owned aircraft. This is not a record of which the airlines can feel proud; it suggests that the casualty rate by the end of the year may show little, if any, improvement on 1960, an especially black year when between 1,200 and 1,400 people died in commercial air accidents (and a further 835 were killed in accidents to private and business aircraft in the United States alone). The trend is more disturbing because fewer accidents seem to have taken place this year in South America, a notorious black spot for aviation.

With the exception of certain accidents to the Electra, it has been rare in recent years for any to arise out of structural or mechanical failure in the main components of an aircraft: indeed the structural strength of some modern jets has saved several nasty crashes from turning into tragedies. But a troubling number of fatal accidents, perhaps 40 per cent of the total, occur when an aircraft is coming in to land, a much higher proportion than accidents at take-off, which are usually due to some form of engine failure. This prompts the suspicion that ancillary equipment is lagging some considerable way behind actual aircraft design, a suspicion that is at least partly confirmed by the current report of the Daniel and Florence Guggenheim Aviation Safety Center. This lists more reliable components as one of the items needing urgent study, along with improved air traffic control, and methods for protecting passengers from the results of accidents—among them fire, *à propos* of

which the Safety Center has some scaring comments to make about complacency. To its general request for a closer look at all aspects of landing, from undercarriages to runway lights, pilots might add their own plea to designers for jets that are easier to land. Several of these have hit the runways of the world in recent years with an undignified scrunch that fortunately hurt no one but the machines, yet showed what disconcerting results can arise from a hair's breadth deviation from the prescribed landing techniques.

The Air Safety Center's remarks about the need for better training for private pilots applies for the time being purely to conditions within the United States, where private flying is conducted on a larger scale than elsewhere. In this country, however, there have been comments about a different aspect of training, namely, that of pilots of chartered aircraft. Now that the joint foibles of the British system for licensing airlines and the international system for controlling air fares have made charter flying an important part of civil aviation, technical opinion is asking whether the regulations governing these flights are sufficiently stringent.

The mechanical standards required on charter flights are as high as those expected of aircraft on regular scheduled flights; but how, it has been asked, does the pilot on a charter flight make himself familiar with the route? There have been questions, especially in the technical journal *Flight*, which is the official organ of the Royal Aero Club, whether some recent accidents to aircraft on charter flights might have been avoided if the pilot was more familiar with the country over which he was flying. This issue is bound up at least in part with another equally disturbing question. Why do so many experienced pilots apparently fly their aircraft headlong into the ground or into the side of mountains? Is it beyond the wit of man to design an altimeter that cannot be misread, or instruments that will warn him of impending danger?



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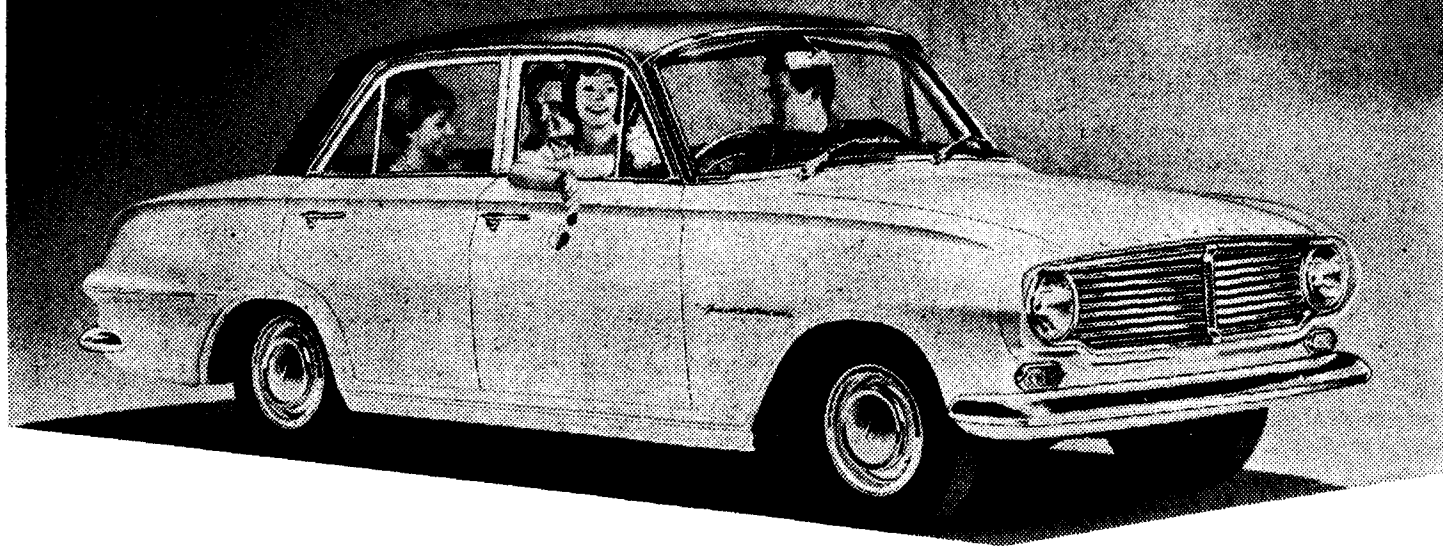
Visitors to Olympia can see a working demonstration of some of the most up-to-date electronic computers and ancillary equipment in the world. Britain's leading manufacturers will display their latest equipment, and experts on the various stands will be ready to offer information and advice about electronic 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 7711 2.

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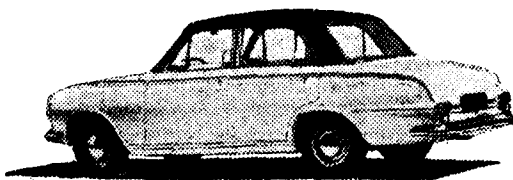
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scale that is expected, the difference in price between polypropylene and nylon or Terylene may well be much greater than the 25 per cent set by ICI's introductory prices.

THE EXCHANGES

Quiet but Firm

THE exchange markets have again been quiet this week. There is an unwillingness in the market to pinpoint any reason for this inactivity, although the present international crisis usually underlies any comment that is ventured. The market now appears to be inclined to wait and see. The death of Mr Hammarskjöld had no effect on the exchanges, and most dealers showed little more than academic interest in the annual meeting of the IMF in Vienna.

Sterling, however, continued to improve this week and the spot rate, mainly on demand from Germany, rose to \$2.81½ on Tuesday, its highest level for ten months. This rise was attributed to a general

shortage of sterling with so many operators covering short positions taken up in June. The Bank of England appears to have been the only substantial seller of sterling on the first two days of this week. Demand from the continent was not maintained on Wednesday and the spot rate eased slightly. There is still little evidence of an inflow of hot money attracted by Britain's high interest rates, and the funds that have come in are certainly covered against the exchange risk. The cost of this cover is still around 4 per cent, with the three months forward discount at 2½ cents, which leaves less than ½ per cent on the interest arbitrage with New York.

BUTTER

No End of Dumping

A YEAR ago, at Denmark's request, an OEEC working party on dairy products met in Paris to discuss the surplus of butter on the British market. Denmark and New Zealand had previously had talks with

British officials about the threat to their main export market. Apart from a further fall of 30s. a cwt in the price of New Zealand butter, reducing its price from about 350s. to 250s. a cwt in a year, the situation was virtually unchanged in July when Denmark again raised the matter with Britain following two abortive meetings with butter suppliers at GATT. In August, Denmark and New Zealand formally applied for protection under Britain's anti-dumping legislation and the United Kingdom referred the matter once again to GATT.

Under GATT's rules, approval of contracting parties is necessary before anti-dumping or countervailing duties can be imposed. With the government's pontifical observation that "it would be the expectation of the United Kingdom Government that . . . agreement would be reached on the immediate adoption of appropriate measures to secure a proper relationship between supply and demand" it seemed that the farcical series of talks would soon be at an end.

NEW CARS

Sporting Types

THE British Motor Corporation and Ford have chosen the same week to announce new models aimed at the market for sporting cars. They have selected diametrically opposed means of doing so, and their cars are clearly aimed at quite different sections of this market: BMC has fitted a more powerful engine into the unchanged body shell of the Austin Seven and Mini-Minor, while Ford has produced a coupé body on the otherwise unchanged basis of the Classic. But the intention in each case is to improve profit margins by selling in a specialised market, where the competing products do not have the advantage of being based on a car that is made on so large a scale.

BMC will be exploiting a market that it already reaches with these new versions of its baby cars, which are called the Austin Seven Cooper and Morris Mini-Cooper—the engine shares some features

with the units used in the Cooper Formula Junior racing cars. But this is not a market that they were originally intended to tap: it has been the popularity of the cars among those who want a small sports car, and realised that these were potentially the best small sports cars made in Britain, that determined BMC to make its own sports version instead of leaving the profit from producing one to the tuning shops. It has been able to do better than they can, and to enlarge the engine from 850 cc to 997 cc as well as to adopt the normal tuning procedure of fitting two carburettors, enlarging the inlet valves and raising the compression ratio.

The result of these measures is that the engine develops 55 bhp instead of the 34 bhp of the standard engine: to cope with the extra power the only change needed in the chassis has been to fit disc brakes on the front wheels. The suspension proves fully capable of meeting the demands of a car that can now reach over 85 mph; the only noticeable effect of the greater power is that there is a sharper transition from understeer to oversteer if the throttle is shut on a corner.

At a price of £679, which includes a fresh-air heater and more elaborate interior trim, BMC is offering a car that has a performance not far short of that of a Ford Zephyr or Vauxhall Velox costing some £250 more, roughly similar to that of the Fiat 1300 that would probably cost nearly £100 more in export markets, and much superior to that of the Triumph Herald that costs £49 more. And, compared with BMC's smaller sports cars, it offers rather better performance and road-holding—and two more seats—for much the same price. In this strong competitive position



the demand for the Coopers may well surprise BMC, which has been assuming that it might sell up to 200 a week. To meet the demand for a small car that is just better equipped than the ordinary Austin Seven and Mini-Minor, BMC is also marketing a Super de luxe version, which is the Cooper with the normal mechanical specification; this costs £592, £39 more than the ordinary de luxe model.

Where BMC is exploiting a market that its car found for itself, Ford is entering one that has hardly been touched in Britain before. Its Capri coupé is a relatively expensive car at £915 and is perhaps intended to sell mainly on account of extra elegance in styling: it is really the first British equivalent of the Karmann-Ghia Volkswagen. It may appeal to some of the buyers of Triumph Herald coupés, which cost £157 less, or to buyers of the Sunbeam Rapier that costs £114 more. But it is hoped that the car will find a new market among buyers who want a car for their personal transport, not that of their family, and who want a smart car.



Nothing of the sort happened; the meeting ended without agreement and a further meeting might now be called. On the other hand, Britain could propose anti-dumping duties to a full meeting of GATT which alone has the authority to permit use of this escape clause in its liberal trading policy. More discussions about Britain's next step will probably follow. Meanwhile, Denmark's butter has been reduced to 252s. a cwt ex quay, compared with 335s. a cwt at the beginning of the year.

The main European milk producing countries have maintained a high level of output rather late in the season, and butter production has had to be increased to absorb more of the surplus. In this country, three times as much milk was used in the manufacture of butter in the first seven months of this year than in the same period of 1959. The Milk Marketing Board sells milk to butter manufacturers at a price which is governed by the market price of butter. This price is currently 1s. a gallon, compared with about 8d. a pint normally paid by housewives. Britain produces less than a tenth of its butter supplies; to maintain its average receipts, the Milk Marketing Board tries to limit supplies of cheap milk for the manufacture of butter here. But in a year such as this, that outlet is indispensable. The current low price for butter reduces farmers' incomes and could raise the cost of milk subsidies. But Britain has the benefit of a large quantity of French butter at less than half its cost in France, while New Zealand is losing about 65s. a cwt on its exports to Britain.

SPACE RESEARCH



With a Pinch of Salt

A BRISK correspondence erupted in the scientific journal *Nature* this week about how the oceans got their water. Earlier this year, C. M. de Turville put forward a novel theory, namely that vast solar winds (nicknamed "hydrogen hurricanes") sweep gusts of hydrogen gas off the face of the sun through space which gets trapped, as they pass the earth, in its magnetic field. This trapped hydrogen then combines with oxygen (from where? released from rocks, says de Turville, by the sun's ultra violet radiation) to form water vapour that has condensed over the millenniums to fill the oceans and which is still being deposited at a substantial rate. This theory has attracted some attention because it offers a satisfactory explanation for a phenomenon that has been puzzling meteorologists, namely how clouds of what appear to be water vapour, but which have previously

BUSINESS NOTES

been described as dust, can possibly exist at altitudes of 50 miles and upwards. The water vapor could not possibly have got up there from the ground. Scientists at the Meteorological Office find the thesis offers a neat explanation.

To other scientists, however, it appears riddled with inconsistencies. They simply do not believe that the earth can capture the volume of hydrogen from space suggested; there are technical reasons, put forward by E. R. Harrison of the Atomic Energy Authority, for suggesting that the belts of radiation that circle the earth would act as a shield to prevent the solar winds from penetrating the atmosphere to this extent. Such huge quantities of hydrogen would surely, they protest, have been discovered by high altitude research rockets and satellites by now, yet no mention has been made of them and—more ribaldly—if water vapour were truly being formed at a rate adequate to account for the oceans, by now we would all be fish. (Perhaps we are; at least, one reviewer who has read Leo Slizard's recent work on dolphins is convinced that Dr Slizard is a dolphin himself.) The truth may lie between the two theories. Some water vapour may indeed be formed by hydrogen from space, certainly enough to explain the troublesome presence of the meteorologists' noctilucent clouds, but hardly enough to account for the oceans. Some of his estimates have already been revised by de Turville in the light of later evidence collected from some of the American space probes about solar winds; this, indeed, is just the kind of scientific puzzle that space research is designed to unravel.

GOLD SHARES

Still in the Doldrums

IN this month's issue of *Optima*, Dr J. E. Holloway, who recently led the South African trade mission to Europe, quotes a Swiss banker as saying: "Judged by purely investment criteria there is no more promising field in the world than South Africa." This may be true. What is equally true is that foreign investors do not care for what Dr Holloway calls the "psycho-political atmosphere" in the Union and whether they would respond, as Dr Holloway thinks they might, to a change in emphasis in the Government's policies and to a reversion to a liberal attitude towards foreign capital must remain an open question. So far, the restrictions imposed in June on capital withdrawals have had their desired effect of easing the pressure on South Africa's reserves and there now seems to be no danger that the government will close the last remaining door by restricting the payment of dividends to non-residents.

Though they have brought some immediate relief, the restrictions are not likely to be lifted at an early date as the reserves have to be built up to a level at which they could withstand further pressures, if these

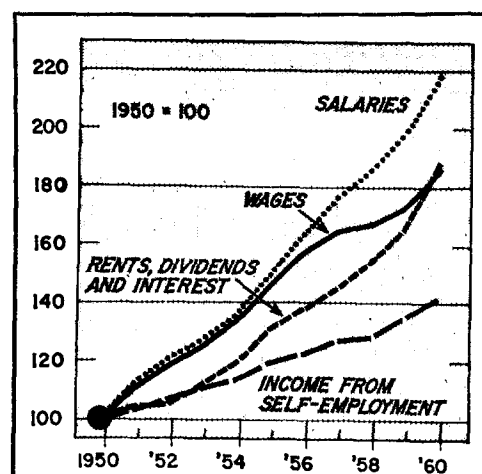
THE ECONOMIST SEPTEMBER 23, 1961

develop. Thus the discounts between the prices of Kaffir shares in London and Johannesburg are likely to remain. They have widened in recent weeks to an average of about 20 per cent and the slight revival

GOLD MINING DIVIDENDS

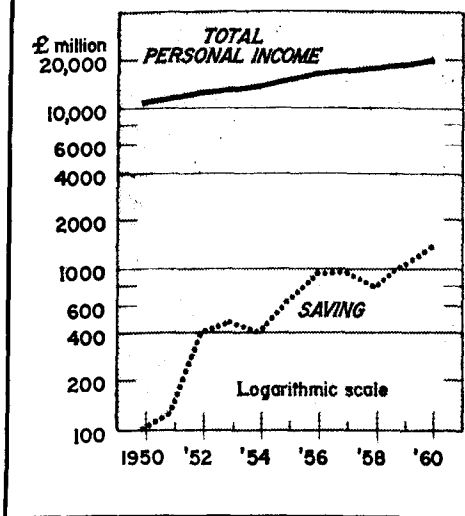
	Mar., 1960	Sept., 1960	Mar., 1961	Sept., 1961
F. S. Geduld...	3/6	5/-	3/6	5/-
President Brand	2/6	3/-	2/6	3/-
President Steyn	1/-	1/-	-/9	-/9
Western Hldgs.	4/-	5/6	4/6	6/-
Welkom	-/3	-/4½	-/3.6	-/4½
St Helena	2/3	2/9	2/3.6	3/-
Winkelhaak ...	...	-/4	-/6	-/7.2
Harmony	1/3	1/4½	1/4.8	1/4.8

of interest in gold shares, which centred upon the finance house issues, proved to be short-lived. The *Financial Times* gold mines index, which does not include any finance house shares, had risen from its all-time "low" of 52.4 in mid-July to 58.0

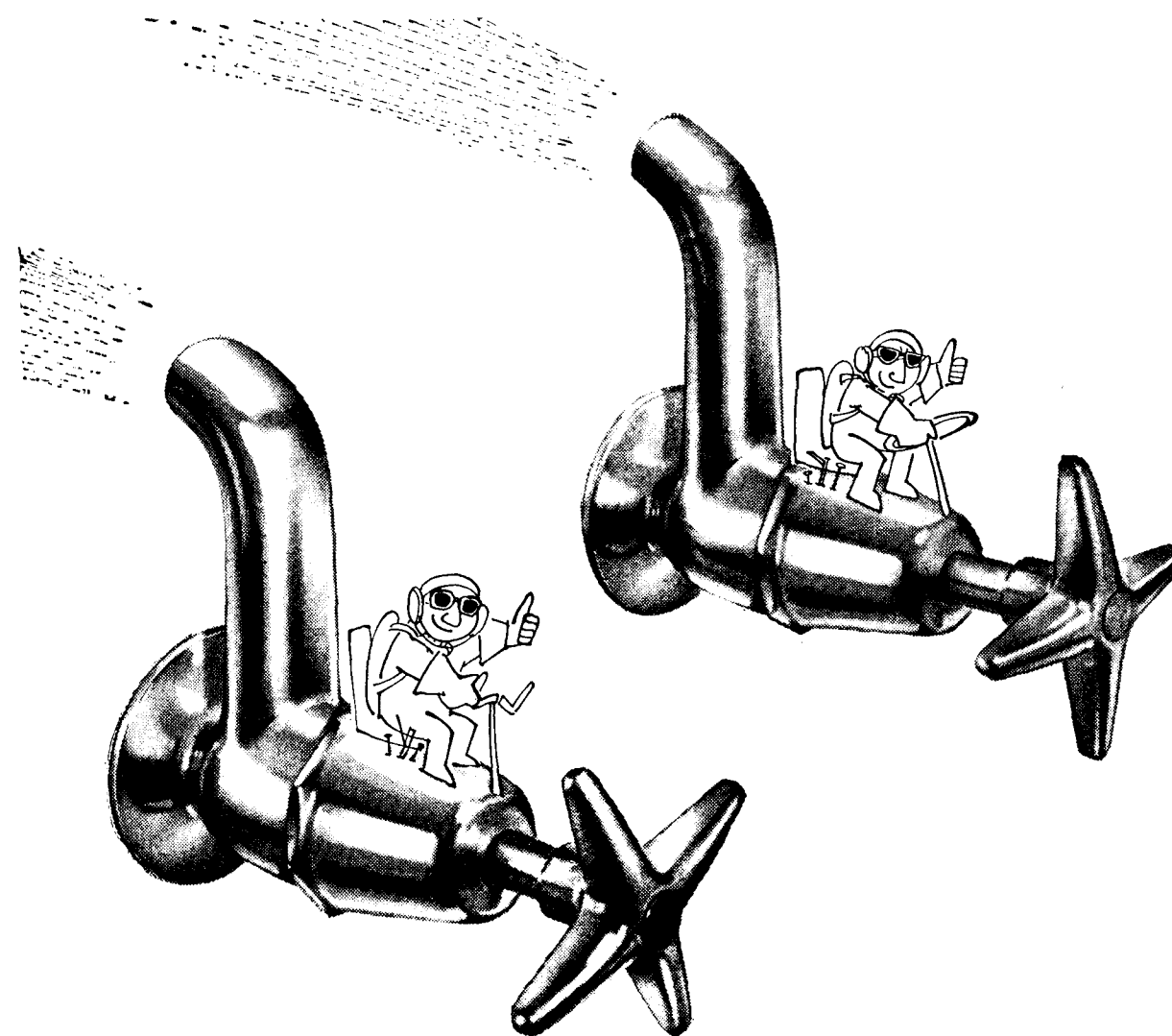


INCOME AND OUTCOME

One of the outstanding features of the British economy in the fifties was the really impressive resurgence of private saving—if the official calculations, which arrive at total annual savings as a residual item, are accepted. While personal incomes barely doubled, savings increased almost fifteen-fold. Among the various sources of personal income, salaries rose more than any other, while by 1960 rents, dividends and interest payments had just about caught up with wage earnings.



THE ECONOMIST SEPTEMBER 23, 1961



Flying hot 'n' cold

Did you think hot 'n' cold problems were confined to the bathroom? You couldn't be more wrong. We have experts who get heated at the very mention of the phrase.

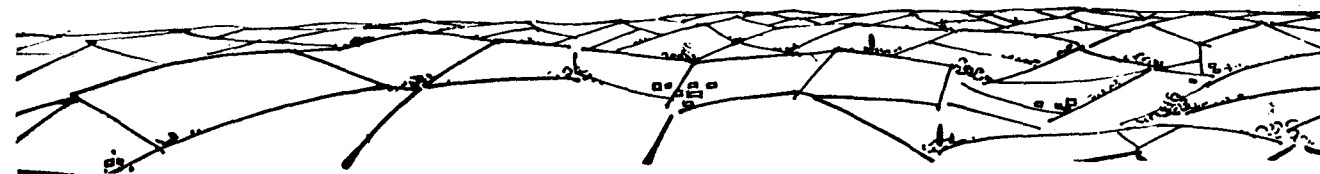
It's aircraft they are thinking about—those whistling jets that whizz across continents as regularly as clockwork. And, more specifically, it's the temperature of the fuel that each engine is using in every moment of flight.

Actually, the cold problem was beaten some time ago. This was when the airlines were first considering jets, and something had to be done about the way that, at the high altitudes of jet flying, the cold tended to thicken the fuel and form particles

of wax. Shell Research produced a fuel with a good low-temperature performance, and most of the international airlines are now using it.

But research can never stand still. As soon as we had overcome that problem, we were facing another one—hot fuel! When the speed of commercial aircraft climbs beyond the sound barrier, the heat generated by the aircraft could 'cook' the fuel. Well, some of the snags have already been smoothed out and, as designers push the speed of aircraft higher and higher, Shell Research will go on solving the problems of fuelling them.

YOU CAN BE SURE OF



What are Mowlems building now?



Capital for the Treasury

Mowlems are now reconstructing the Treasury in Whitehall for the Ministry of Works.

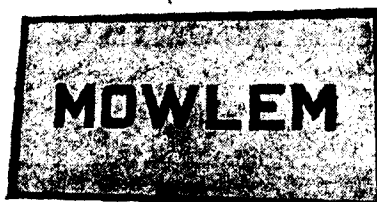
Virtually the whole block, known as the Old Treasury Building, is being rebuilt from the foundations up.

When the work is finished the familiar facades will be restored. But most of the stonework, like this

Corinthian capital, and the joinery will be new, carved and made by craftsmen at Mowlems' Cambridge company, Rattee & Kett Ltd.

Mowlems combine fine craftsmanship with the most modern techniques. Long experience and high traditions help the biggest building jobs to go through smoothly.

Chief Architect to the Ministry of Works: Mr. E. Bedford, C.B., C.V.O., A.R.I.B.A.



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by the middle of August but since then it has slipped back to 55.2. Nor did the OFS dividend declarations, even though some of them were higher than had been expected, stir the market. Among those paying good dividends were St Helena, which is now liable to pay tax but whose development holds out the promise of a higher average grade, and Western Holdings, which is now making operating profits of over £1 million a month. The cut in President Steyn's dividend was expected, as the mine is faced with rising costs and heavy capital commitments. Harmony's dividend, whose odd amount reflects the change to a decimal coinage in South Africa, was in line with expectations but with it came the first of the eleven tax-free payments of 3.6d. per share resulting from the sale of some of Harmony's claims to its neighbour, Virginia. Outside the OFS, Winkelhaak, one of Union Corporation's three mines in the Kinross area, has paid its first full year's dividend of 15s. 1.2d. and its earnings are now running at a yearly rate of 3s. 6d. per share. But with a new mine such as this capital expenditure is heavy and is likely to restrict future increases in the dividend.

ELECTRIC VEHICLES

Saving Current

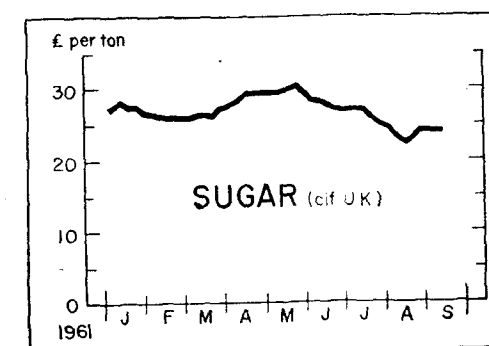
A SIGNIFICANT improvement in the efficiency of electric vehicles is promised by a development that has been introduced by Smith's Delivery Vehicles, one of the principal British makers. It consists of replacing the conventional means of controlling the flow of current from the batteries to the motors, which involves the use of resistances to convert excess current into heat, by semi-conductor devices that simply turn the current on or off as needed. The strength of the current reaching the motors when the vehicle is being started has to be restricted; otherwise the torque that the motors develop would be excessive, and either they would burn out or the vehicle would break its transmission. If a resistance is used as a controller, about 20 per cent of the battery's capacity is wasted in heating the resistance. The semi-conductor controllers that Smith's have adopted, developed by Joyce, Loeb and Co., eliminate this loss and, it is claimed, the size of the battery can therefore be reduced by 20 per cent or a greater speed and range can be obtained from the same battery.

Such improvements should help to increase the advantage that electric delivery vehicles already have over petrol or diesel where many stops and starts have to be made, for the saving in current is made at the point where its superiority is already greatest—when the vehicle is started. And another application of semi-conductors, to produce a battery-charger small enough to fit on the vehicle, will make these vans more versatile, for their batteries can be recharged anywhere.

SUGAR

Pressing Problems

OFFICIALS used to the normal leisurely pace of international co-operation in commodity matters, must be winded by the number of problems for immediate attention that have tumbled into their in-trays this year. The Ministry of Agriculture, Fisheries and Food already has several of its staff engaged in Washington on coffee



matters, in Geneva on the review of the international sugar agreement and presumably at home on deciding whether to support the proposed international cocoa scheme. This week it seems to have accom-

modated the South African minister for economic affairs, here to discuss South African sugar exports to this country, only with difficulty. The ministry sensibly intended to leave settlement of this problem until after South Africa's independent membership of the international sugar agreement had been settled. Dr Diederichs could not wait: next month South Africa goes to the polls and loss of South Africa's privileges under the Commonwealth Sugar Agreement was politically inopportune. The ministry, which was not expecting this visit, seems to have been forced to recall certain of its staff from other negotiations. Because of the special circumstances it is quite likely that some important decisions will be taken at these meetings.

After recovering to £24 a ton, the "free" price for sugar declined by 10s. a ton this week. The international conference which has to revise the sugar agreement to increase its effectiveness in dealing with a sugar surplus that has produced the lowest price for sugar since the war, has its own urgent problems. Britain and the United States have separate arrangements with their main suppliers. Cuba, which has been excluded from the American market, and Russia want these exports put under article 14 of the agreement which fixes export tonnages. That would give the sugar council power to control them.

SHORTER NOTES

Registrations of new cars in August were 46,016, about 11 per cent fewer than in August last year. This figure is rather higher than some makers had expected; it suggests that the initial effect of the increase in purchase tax at the end of July was smaller than had been feared, for sales in that month had been seven per cent lower than a year before.

Metal Box has received Treasury approval for its revised expansion plan in Italy. The original plan was turned down following the "little budget." The main change is that part of the capital involved will now come from abroad—in line with the Chancellor's desire to ease the short-term strain on Britain's balance of payments.

Shell Transport and Trading has maintained its tax-free interim dividend at 2s. per unit on the capital as increased by the one for five scrip issue. The £1 units are to be split into 5s. shares.

In the table of investment trusts published on page 1087 of last week's issue the earnings of Nineteen Twenty Eight Investment Trust were calculated after deducting pre-acquisition profits. If these were included, earnings in the latest year would

amount to 18.1 per cent, against 16.4 per cent.

The increase of 20 per cent in the break-up value of Anglo-Celtic ordinary shares in the year to April 5th, 1961, compares with a corresponding increase of 12.2 per cent in *The Economist* Indicator and not an increase of 27.1 per cent as stated last week.

Following the negotiation of higher quotas for imports of cotton manufactures from Hongkong, larger quotas have been granted to India and Pakistan. India has been given a supplementary quota of 11 m. sq. yds. for 1961, and next year its quota will be a minimum of 186 m. sq. yds. Pakistan gets a supplementary quota of 2½ m. sq. yds. this year and a basic quota of 42½ m. sq. yds. for 1962.

COMPANY AFFAIRS

Comments on pages 1203 and 1206 on:
Calico Printers News of the World
Tootal
Eastwoods Saxone, Lilley and Skinner
London Brick British Relay and Wireless
Doom Dooma

LONDON AND NEW YORK

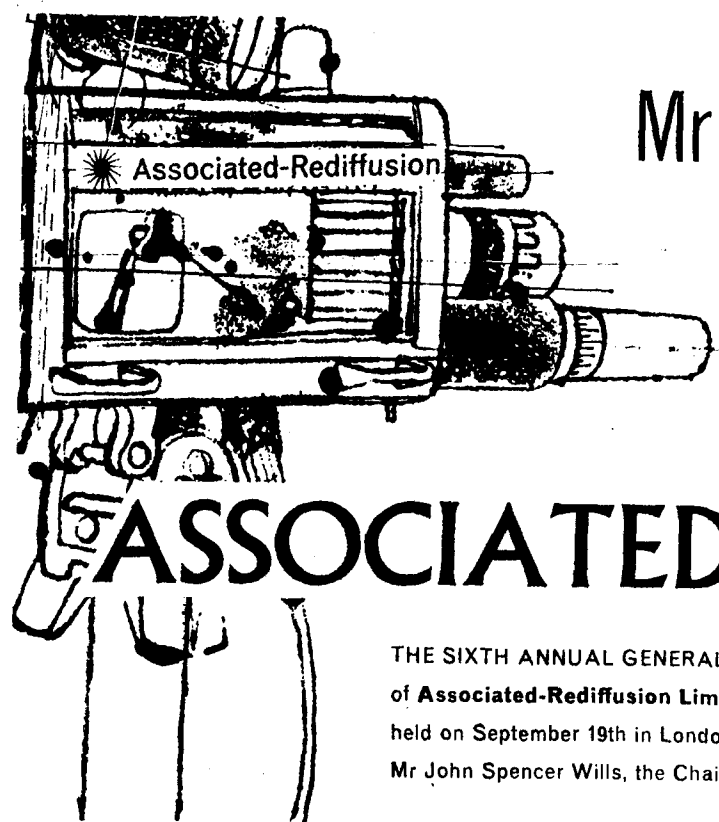
Stock prices, yields and security indices on pages 1204 and 1205

LONDON STOCK EXCHANGE

The week's movements reported on page 1206

MONEY AND EXCHANGES

Money market report, exchange rates and public finance on page 1207



THE SIXTH ANNUAL GENERAL MEETING
of Associated-Rediffusion Limited was
held on September 19th in London,
Mr John Spencer Wills, the Chairman, presiding.



Mr John Spencer Wills reports.

What is the future of ASSOCIATED-REDIFFUSION?

Moving the adoption of the Report and Accounts for the year ended April 30, 1961, the Chairman said:—

"You will have seen from the Accounts that the profit was just about the same as it was last year. It only appears to be more because we did not consider it necessary to repeat the £500,000 provision for obsolescence which we made last year and the year before that.

ADVERTISEMENT REVENUE

A gratifying feature of the year is the continued growth in advertisement revenue, which shows an increase of some 16 per cent over that for the previous year. This must be accepted as a striking indication of the value of television advertising in the London area, which now has a potential audience of over nine million viewers. We have been glad to welcome many new advertisers.

In this year's Budget, television advertising was singled out for special taxation in the form of Television Advertisement Duty. This was at the rate of 10 per cent as from May 1st but was increased to 11 per cent as from July 26th.

Any comment by me about this new impost would probably be regarded as wholly selfish, so I will content myself with quoting the well-known economist, Mr Graham Hutton:—

"The oddest new tax is that (ostensibly) on advertising by television. It is almost a classic offence against all of Adam Smith's famous canons of taxation. Purporting to hit at the profits of the programme-contracting companies, it was admittedly expected to be passed on to advertisers. Since these people and their advertising agents work to budgets of their own, and TV has the biggest impact on their markets, its effect will be completely to by-pass TV advertising, and come to rest

on all other forms of advertising. It would have been far better (as Lord Hinchinbrooke and many others in all three parties in the Commons pointed out) to come out into the open with a straight tax on all advertising."

We took special steps to assist those advertisers whose budgets could not immediately be adjusted to meet the Duty. In the case of bookings which, under our General Terms and Conditions of Contract, were subject to eight weeks' notice of cancellation, we reduced the cancellation period to one week for bookings within the eight-week period following the imposition of the Duty. In cases where advertisers had entered into non-cancellable contracts for guaranteed expenditure before the imposition of the Duty, we agreed that the advertisers concerned could, if they so desired, include the appropriate Duty in their guaranteed expenditure, the rate of discount remaining unchanged and continuing to be payable on guaranteed expenditure excluding Duty.

In 1960, over £134 million was spent on advertising in the United Kingdom Press. This is 17½ per cent more than the £114 million spent in 1959 and is the highest annual expenditure ever recorded by The Statistical Review of Press Advertising. Expenditure on TV advertising also reached a record figure, the total for 1960 being just under £77 million.

Television still has a considerable distance to go to catch up. Any tax upon advertising is a burden upon the export trade. But this new tax burden is more a matter for complaint by the advertisers than by the advertising medium.

OPERATING COSTS

Our operating costs have continued to rise and show an increase of some 14 per cent over the previous year's figure. There will be a further substantial increase in the current year. The

production of television programmes is indeed an expensive business.

Our new million pound Studio 5 at Wembley, now in continuous use, has proved its worth; the additional space and improved facilities which it provides have, I think, been reflected in improvement in the range and in the artistic and technical quality of our programmes.

It is not wholly surprising that an industry which earns large profits should be a target for the Trades Unions concerned. Very large increases in pay have been negotiated and it is inevitable that our friendly rivals, the BBC, should also have been affected. There is one application, however, which shocks even me, who has been closely concerned in wage negotiations, in different industries, for a large number of years. And that has been lodged by The British Actors Equity Association, commonly called "Equity."

When Independent Television started, the minimum fee payable to an actor in a BBC production was 6 guineas; this sum was "earned" by an actor who walked on and said, "My Lord, the carriage awaits." By negotiation, this minimum for a national appearance on Independent Television was, from the start in 1955, increased to 7 guineas and, in 1958, was raised again to 10 guineas. Equity have now demanded, for a comparable actor, a minimum fee of 36 guineas, an increase of 260 per cent. They have also demanded, for the national appearance on Independent Television of an actor speaking more than ten words, a minimum payment of 44 guineas, an increase of 340 per cent.

It is not normally considered good practice to discuss Trade Union negotiations whilst they are in progress but, in this case, Equity have publicly announced the calling of a strike. They have issued an instruction to their members not

to accept any engagement in any ITV programme (except commercials) which involves any work on or after November 1st.

The demands in support of which the strike has been called are so fantastic that negotiations are at an end. We, in television, need actors; we, in television, have given them very considerable support in many directions. We are not, however, prepared to accede to ridiculous demands.

It is not surprising that, in their latest instruction to their members, the Council of Equity said, "Our original proposals were made with full knowledge that we might well not achieve a new deal in Independent Television as a result of discussions over the negotiating table. . . ."

PROGRAMMES

It has always been the Board's policy to give the maximum possible responsibility and freedom of action to our programme planning and production staff, and I think the staff are again to be congratulated upon the results of their work.

Although size of audience is not the sole criterion of success, it is pleasing to note that Associated-Rediffusion productions continue to figure prominently in the weekly lists of top-rating programmes. It seems to me that the test of success for any public service—particularly where an alternative is available—must, in large measure, be the extent to which the public use that service.

An outstanding event during the year was the production last March of "Laudes Evangelii," a presentation of episodes in the life of Christ told in music, mime and ballet. This programme, which was transmitted at peak viewing time on Good Friday and seen by some four and a quarter million viewers, received unqualified praise from leaders of the main branches of the Christian religion in this country. This was, in every way, a most challenging production and, apart from the public and press response to it, the spirit in which the challenge was accepted by the very large number of staff concerned made the occasion memorable. The critic who accuses Independent Television of programme parsimony may be interested to learn that the cost of "Laudes Evangelii" was £28,000.



INTERTEL

Another outstanding and adventurous programme development during the year was the formation of the International Television Federation, known shortly as "Intertel." This is an association of major television organisations in the English-speaking world which came into being on the initiative of Associated-Rediffusion. Our Controller of Programmes has been elected the first Chairman of the Federation Council. The member organisations have undertaken to produce, exchange and distribute, throughout the world, high-class documentary feature programmes on current world problems. Our first two contributions, "The Quiet War" and "The Heartbeat of France," each costing £20,000, have been shown to peak-time audiences in this country, Australia and Canada and on sixty stations in the United States of America. We believe that Intertel can do much to increase the knowledge and understanding of current situations and problems throughout the world.

I mentioned last year the recent establishment of an International Division. Measured in terms of revenue, it cannot yet be described as a major activity but you will be interested to know that Associated-Rediffusion programmes, including plays and drama series, documentary feature programmes and schools programmes, have been sold in thirty-three different countries. Some of our schools programmes have been sold in such remote and differing places as Ethiopia, Thailand, Saudi Arabia, Nicaragua, Southern Rhodesia and Australia, and America and a number of European countries may shortly be added to the list. Whilst these developments are not yet of great financial significance, you will, I am sure, be glad to know that an international reputation is gradually being established; the sort of reputation that could be of great value if, during the next few years, the international exchange of programmes by satellites were to become practicable.

Increasing use is being made of television programmes for schools, which Associated-Rediffusion pioneered four years ago. The number of schools taking the programmes has risen from eighty to fifteen hundred and may well exceed two thousand during the fifth year just commenced. We are grateful to Sir Ifor Evans, Provost of University College, for having taken over the Chairmanship of our Educational Advisory Council in succession to Sir Sydney Caine, whose resignation, on his appointment as a member of the Independent Television Authority, I mentioned last year.

At our meeting four years ago, I suggested that if you had not seen our schools programmes, you should take an opportunity of doing so. They are well worth viewing by adults and I repeat the suggestion now. Our French language series, "Chez les Dupré," has, in fact, been transmitted in evening programmes and seen by audiences of over two million in the London area. The fact that close on 45,000 explanatory booklets were sold to viewers indicates the interest which was taken in this experiment in adult education. Another of our schools programmes, "London, Capital City" is now being transmitted in evening programme time.

THE FUTURE

To the Pilkington Committee of Inquiry which was appointed last year to consider and make recommendations on the future of broadcasting services in this country, we have submitted our views and evidence. The Committee's Report is expected some time next year.

The facts that the Independent Television Authority is to cease to exist in 1964; that the contracts of programme contractors terminate in the same year; that there has been a great deal of publicity given to an enormous number of irreconcilable recommendations made to the Pilkington Committee—all these facts have caused, and are bound to have caused, some unrest and uneasiness among our staff. Are their jobs safe? Are they reasonably certain of continued employment? Is there any risk that they may have wasted their time? In my opinion there is no cause for alarm, no justification even for misgiving.

The main shareholders in Associated-Rediffusion have been engaged in the provision and management of public services for two-thirds of a century—ever since 1896. I myself have been so engaged for forty years. Railways, tramways, trackless trolleys, radio stations, television stations, the generation and distribution of electricity, the manufacture and distribution of coal-gas, airlines, wired radio, tele-

vision, motor omnibus services, road goods transport—all these activities, not only in the United Kingdom, but in countries all over the world, have been our life. The bus interests alone embrace 13,000 public service vehicles. Is it surprising that we should have been entrusted with the task of furnishing television programmes to the largest city in the western hemisphere? Sixty-six years of public service and, let it be said, of successful public service, on a large scale, cannot lightly be disregarded.

Railways, tramways, electricity undertakings and gas undertakings were mostly operated under individual Statutes. The air services were operated under short term licences granted by a Statutory Authority. The wired radio and television undertakings are currently operated under long term licences from the Post Office but, for many years, could have been stopped at short notice. The omnibus services have, for the last thirty years, been operated under short term licences. But always it has been the practice, provided that the operators properly discharged their responsibilities to the public they served, for the licences to be renewed without question.

My personal belief is that our staff have no reason to fear any departure from the licensing practice established over so many decades.

Our shares are widely held. The British Electric Traction Co. Ltd. have 37,500 shareholders, Rediffusion Ltd. have 12,000 shareholders and they, between them, are the virtual owners of Associated-Rediffusion Ltd.; that is to say, we are owned by nearly 50,000 individuals.

Why should any Government wish to shatter the existing scheme of things?

The main criticism hurled against us is that the State does not take a sufficient share of our profits. Let us examine the figures for the year under review. The Associated-Rediffusion Group's gross revenue was in excess of £21,000,000. From this the State takes (including a substantial part of our payment to the Independent Television Authority) £5,000,000 and our 50,000 shareholders will, if you accept your Board's recommendation, receive £2,250,000. Had the Television Advertisement Duty been in operation during the year, the State would have taken another £1,470,000.

Our shareholders took the risk of losing all their investment. At one stage, in 1956, they had, in fact, lost the enormous sum of £3,250,000. The State took no risk at all. If the Company had gone into liquidation, the State would not have lost one penny.

As it is, out of the profits which have succeeded the losses, the State will receive nearly three times as much as the shareholders.

It seems to me that, if there is cause for complaint, the shareholders have more right to complain than anyone else!

The main criticism of the Independent Television Authority is that a large part of their work is done behind the scenes, that they do not publicly admonish their programme contractors if anything goes wrong. Those of us in the business know that the Authority keep an eagle eye and a firm hand upon all that goes on. In my submission it is in the interests of all concerned—the public, the Government, the advertisers, the employees—that control should continue to be exercised quietly and tactfully. To me, personally involved in the settlement of an enormous number of problems during the formative years and since, it has been a matter of surprise and of considerable admiration that there has not been more friction between the Authority on the one hand and the Contractors

on the other. No Government can possibly afford to throw over a body which has so happily and successfully carried out its difficult task.

My conviction is that whatever the Pilkington Committee may recommend about alternative or competitive programmes or any other of the many subjects to which they are devoting so much time and attention, two steps are certain:—

(1) The Independent Television Authority will be given a new lease of life.

(2) The existing programme contractors will continue to provide television programmes.

SUBSIDIARY COMPANIES

The subsidiary companies this year have made a considerably increased contribution to the group profit and we are confident that this trend will continue.

ULTRAMAR COMPANY LIMITED

FACTORS AFFECTING RESULTS

SIR EDWIN HERBERT'S REVIEW

The twenty-fifth annual general meeting of Ultramar Company Limited was held on September 14th in London.

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

While the operations have produced a cash flow sufficient to justify your directors in recommending a capital surplus distribution of 1s. per stock unit, the combined result of all the companies concerned (some of which, of course, do not appear in the consolidated accounts) show that after allowing for depletion, depreciation and for other proper charges against revenue, a profit attributable to Ultramar Group of £138,000 in 1959 has been converted into a loss of £300,000 in 1960.

I told you last year that the period of transition while we are building refineries, establishing markets, and going out for geographical diversification in our producing activities, would be difficult.

We have faced up to all these difficulties and we hope and believe that our worst difficulties are now behind us. We expect gradually to emerge as a more diversified and stronger group, with a future which will not be so dependent on price variations in any one area or on oil production in any one country.

OPERATING COMPANIES' AFFAIRS

Venezuelan operating subsidiaries have maintained oil and gas production despite a severe cut-back in drilling. In addition there are several thousand barrels per day of oil production in outlying fields which is now shut in because of lack of pipeline outlets or because of high lifting costs.

During the first half of 1961 the Venezuelan operating subsidiaries drilled six wells of which four development wells were completed as oil producers and two exploration wells were abandoned. Early in 1962 Caracas Petroleum expects to do some exploration drilling on its 100 per

The TV Times, owned by our subsidiary TV Publications Ltd., now publishes a Border Edition containing the programmes of Border Television Ltd., the new Independent Television programme company which commenced transmissions at the beginning of this month. Arrangements have also been made for the publication of a Grampian Edition to cover the programmes of Grampian Television Ltd., which is to commence transmissions very shortly.

We now hold all the ordinary capital, and all but an insignificant amount of the preference capital, of Wembley Stadium Ltd. The Board of that company has, during the past year, given very considerable thought to future development with a view to enhancing the world-wide reputation of the Stadium and Pool as first-class sporting and entertainment centres.

Plans for a 48-lane bowling alley, with the most modern restaurant and other necessary

amenities, are now far advanced and this project will be proceeded with as soon as possible.

Another interesting development is the recent acquisition by Wembley Stadium Ltd. of a 25 per cent interest in Wembley Trust Ltd., similar interests having been acquired by Allnatt (London) Ltd., Central and District Properties Ltd. and Warnford Investments Ltd. The Wembley Trust company owns valuable properties on some 15 acres of land adjoining the Stadium grounds. It is too early for me at this stage to do more than report the acquisition.

MANAGEMENT AND STAFF

I have already paid tribute to our programme planning and production staff. You will, I know, wish me to express grateful thanks to all those who work for you, for their enormous contribution to the success of Associated-Rediffusion."

The Report and Accounts were unanimously adopted.

Marketing of products in Quebec and Newfoundland began last autumn, the products being brought in from Caracas Petroleum's Venezuelan operations. Gasoline stations with the brand name of Golden Eagle are beginning to appear along the highways of Quebec and Newfoundland and some interesting supply contracts have been negotiated. A large deepwater storage terminal on the St. Lawrence River in the Montreal area was completed last November at a cost of \$1,500,000. Other smaller terminals along the St. Lawrence River and in Newfoundland are under construction.

We have known from the beginning that we should need a partner for the Newfoundland and Quebec operations and for Panama. The Newfoundland and Quebec operations, including the refinery, terminals, marketing facilities, and working capital represent an investment of over 13 million dollars. This partner has been found in the Canadian-Caribbean Oil Company (Can-Carib) organised by our director Mr Shaheen with the support of New York banks and other financial interests. Can-Carib has taken over 50 per cent of the Newfoundland and Quebec operation and 50 per cent of Golden Eagle of Panama to which it will also furnish financial support.

The refinery in the Republic of Panama, which includes a petrochemical plant, is under construction and is expected to be operating towards the end of 1962. This is a 55,000 barrels per day refinery and the total cost, including working capital, is estimated at 45 million dollars. Most of the equipment is to be supplied from the United Kingdom.

In California, Golden Eagle is facing a difficult problem. The land pipeline system, terminals and marketing facilities owned by Golden Eagle of California represent a considerable asset value. Unfortunately the extension of United States import restrictions to the west coast and the inclusion within those restrictions of petroleum products as well as crude oil, involved a setback for the Group. In addition a severe gasoline price war has broken out in California mainly between the major companies. There are various alternatives before Golden Eagle and it is expected that a solution to this problem will be arrived at shortly.

The Report and Accounts and the Resolutions set out in the Notice convening the Meeting were adopted and the Capital Surplus Distribution of one shilling per 10/- Stock Unit was approved.



THE Powell Duffryn GROUP

Continued Growth and Expansion

IMPROVED RESULTS WIDELY SPREAD ACROSS THE GROUP

The Annual General Meeting of Powell Duffryn Limited was held on September 20th in London, the Chairman, Sir Henry Wilson Smith, KCB, KBE, presiding.

The following is an extract from his circulated statement:

RESULTS

Consolidated Group Profits, after depreciation but before tax, at £2,564,000 show an increase of £407,000 or 19 per cent; net profits, after tax and after deduction of minority interests, at £1,385,000 show an increase of £204,000 or 17 per cent.

More importantly, in my view, the Group Trading Profit, after depreciation, is the highest in our history at £2,211,000, representing an increase of £406,000 or 22½ per cent over the previous year. What is particularly pleasing is that the improvement in trading results, far from being concentrated in one or two places, was widely spread across the Group. We earned more under each of the five main headings—shipping, coal, oil, timber, engineering and heating. Looked at in another way, we had increased profits from the activities of the Group as they existed, say, two years ago and, in the case of new acquisitions, better results than we had expected or forecast.

DIVIDEND

Against this background, your Directors had intended to recommend an increase in the Final

pared with a pre-war fleet of some 16 ships. Despite the many problems associated with coastal shipping and despite deep sea freights which are still too low from the ship-owners' point of view, the fleet has continued to trade profitably.

In addition to the fleet which it owns, Stephenson Clarke has continued to manage a further 53 ships.

Coal: It is comforting to record that, during 1960, there was an increase of some seven million tons in the total quantity of coal consumed in the United Kingdom and that there was also some increase in coal exports. This was reflected in the trade of our Companies engaged in the distribution of coal. We are considering certain possible developments calculated to enable us to play an even fuller part in the United Kingdom coal trade.

Oil: Apart from the expansion of our coastal tanker interests, and the steady development of fuel oil inland sales, we have recently given special attention to the Group's oil storage business. This is a responsibility vested in Cory Brothers who, with the completion of certain additions to previously existing capacity, will have 275,000 tons of oil storage available at

SALIENT FEATURES:

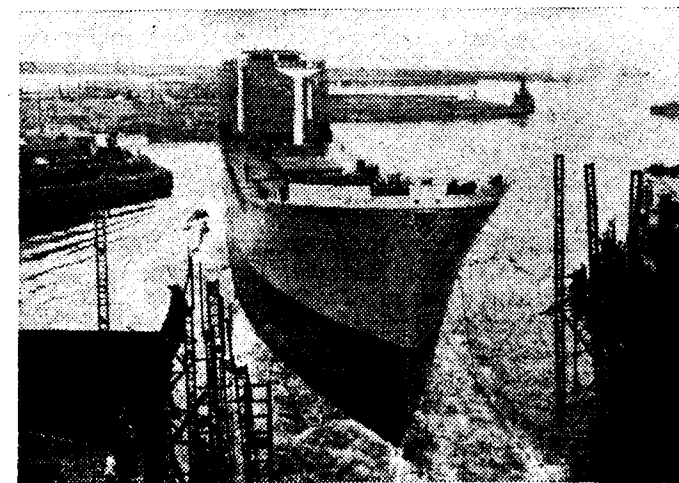
	1961	1960
	£	£
Consolidated Profit after Depreciation ...	2,563,854	2,156,500
Taxation ...	1,059,560	863,607
Net Profit after Taxation ...	1,504,294	1,292,893
Capital and Reserves ...	21,653,563	20,963,613
Capital Commitments ...	2,100,000	1,060,000
Total Group Assets ...	38,693,540	35,380,628

Dividend on the Ordinary Shares from 10 per cent to 12 per cent, which would have made 18 per cent for the year against 16 per cent. Before their decision could be taken, however, they were confronted with the statement by the Chancellor of the Exchequer that he does not consider that a further general increase in dividends in the coming year is justified. In its precise words, this statement would clearly not rule out the contemplated increase in the Powell Duffryn dividend, which has remained unchanged since 1955 and, in equivalent form, since 1947. Nevertheless, after most careful consideration, your Directors have concluded that it is their public duty to comply with the spirit of the Chancellor's statement and for this reason they are recommending an unchanged dividend.

REVIEW OF GROUP ACTIVITIES

Shipping: With the completion this autumn of three ships now building, the fleet owned by Stephenson Clarke will consist of 40 ships com-

MY "Giltland"—10,500 tons—one of two new general cargo ships for the Stephenson Clarke fleet.



Barry, Birkenhead and Ipswich. A high proportion of this tonnage is let under long-term contract and there is no lack of current demand for the balance.

After a careful survey of the demand for oil storage in this country and of alternative sites, the decision was taken to embark on a major expansion by the erection of an entirely new installation at Purfleet, on the Thames. When the development is complete it is estimated that 600,000 tons of storage will be available for oil, chemicals and other bulk liquid products.

Timber: In 1960/61 our timber businesses made steady progress. Additions have been made to our existing importing and distributing activities centred mainly in South Wales.

Capital expenditure has been devoted, and is still being devoted, to enable us to expand our sales of coated, flame-retardant and other special types of insulation board and related special products.

Engineering: Powell Duffryn Engineering is still wrestling with the many problems arising from the drastic cut-back in British Transport Commission orders for the building of railway wagons which have in the past constituted about 50 per cent of the Company's turnover. This has involved the Company in a complete re-orientation of this side of its business and in the development of new lines of activity. Powell Duffryn Carbon Products is engaged in machining graphite for the Hunterston atomic power station and in manufacturing equipment for the chemical industry.

Heating and Air Conditioning: This side of the Group's activities is one in which important developments have occurred and are still occurring. We are now substantially involved in the manufacture and sale of boilers, steel hot water radiators, oil filled electric radiators and related equipment. Apart from the long-term prospects which, despite the growth of competition, must be regarded as encouraging, current demand is heavy. To further the process of integration and co-ordination the activities are now grouped in a new Company, Powell Duffryn Heating Limited.

The Chairman then outlined a number of other important developments and reviewed the substantial capital expenditure programme.

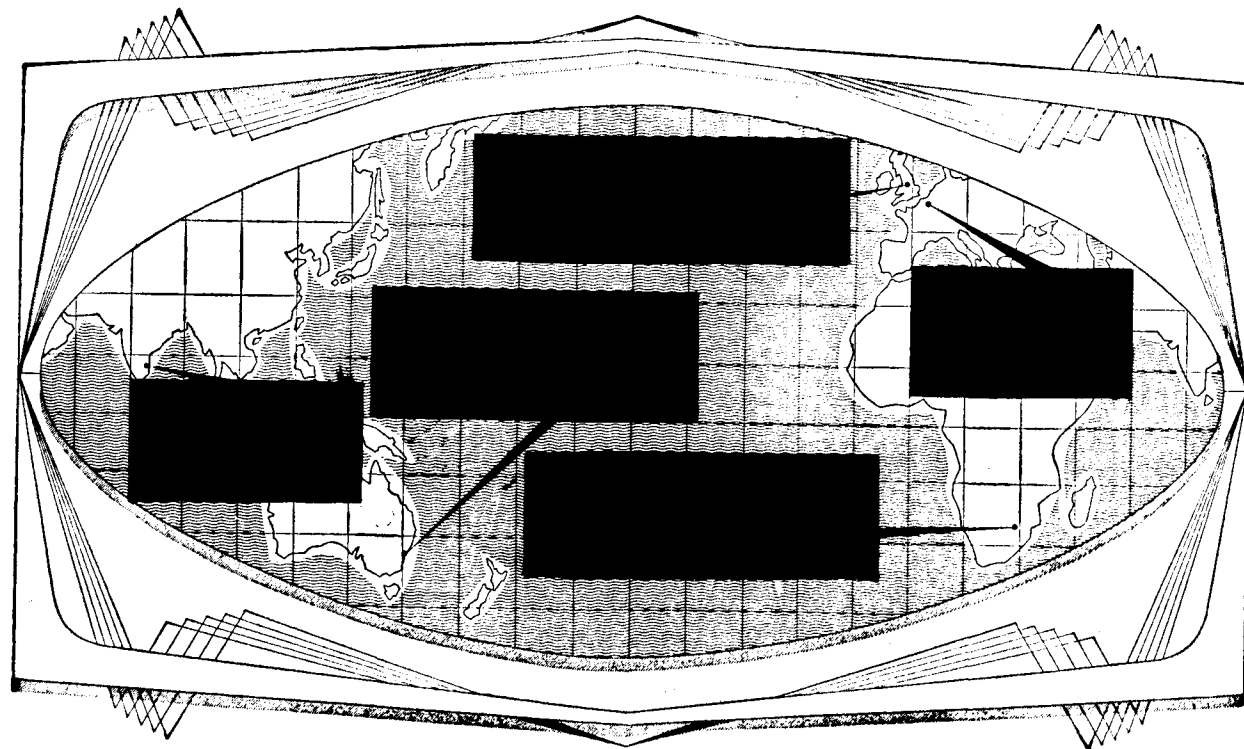
FUTURE PROSPECTS

Commenting on future prospects the Chairman said: The general outlook for the Group remains satisfactory. In the short-term, it is virtually impossible for me to be at all specific, at this date, on the likely out-turn of the cur-

rent financial year, because so high a proportion of the Group profits is earned in the winter months and is dependent among other things on winter temperatures and weather. More generally, it still remains to be seen to what extent the Group will be affected by factors outside our control arising in the national and international economic sphere or directly resulting from action taken by the British Government. None the less, I have no reason to expect any deterioration in our affairs in 1961/62.

The report and accounts were adopted.

Copies of the full Chairman's Statement giving details of developments in the various sections of the Group can be obtained from the registered office of the Company: 8 Great Tower Street, London, E.C.3.



**"...a period of considerable activity
and healthy expansion in the
Company's affairs at home and overseas"**

MR. JOHN OLDHAM, O.B.E.

The Annual General Meeting of Oldham and Son Ltd., was held at Denton, Manchester, on September 20th, 1961. In his statement circulated with the Annual Report and Accounts, the Chairman, MR. JOHN OLDHAM, O.B.E., reported a net profit of the Parent Company, before taxation, of £172,749 (against £125,473). Aggregate net profits of Overseas and other Subsidiaries were £343,302 (against £285,497). Final dividend was 10 per cent, making 17½ per cent for the year on the ordinary share capital as increased by the scrip issue made during the year.

Commenting in detail on the Group's activities, Mr. Oldham said:

MINING: "A very important market and potential demand for the diversified range of products and services which your Company offers to the Industry."

AUTOMOBILE BATTERIES: "A highly competitive business... but the Company's sales have increased during the period.... We can look forward confidently to securing a rewarding share of this increasing business."

COMMERCIAL VEHICLE BATTERIES: "Britain's output of commercial vehicles has continued to climb. This has been reflected in the demand for the Company's batteries."

MECHANICAL HANDLING: "A new Division has been created to provide a variety of batteries and associated services for Britain's growing mechanical handling industry... Substantial progress is

being made in establishing the Oldham Group in this new market."

EXPORT: "Direct exports now absorb about 25% of the Company's production."

Dealing individually with the Group's overseas Companies, Mr. Oldham said:

SOUTH AFRICA: "I believe that... those who, like ourselves, have staked a claim in the Republic's

THE FUTURE: "The present is probably the most difficult period in which to make any predictions about the future. Britain faces fierce and increasing competition in many markets. The road ahead is not going to be easy... From my present report and the continued progress which it reflects, I hope that shareholders will share with me the measured confidence I feel in the Company's ability to meet the challenge of the future."



**AND SON LIMITED,
Denton, Manchester.**

FRANCE. SOUTH AFRICA. CENTRAL AFRICA. INDIA. AUSTRALIA.

Industry, will have no cause to regret having done so."

INDIA: "A substantial increase in the Indian Company's business... accompanied by a further increase in the use of local materials and labour."

AUSTRALIA: "Our Australian subsidiaries are making steady progress."

FRANCE: "Considerable re-organisation and re-equipment have been proceeding in the French Subsidiary Company... Situated as it is in the centre of the Common Market, plans are now moving forward for the French Company to take advantage of the opportunity which this vast new market offers."

**FURNESS WITHY AND
COMPANY**

A SOMEWHAT DIFFICULT YEAR

The seventieth annual general meeting of Furness Withy and Company Limited was held on September 20th in London, Mr Frank Charlton, FCA, the chairman, presiding.

The following is an extract from the Report of the Directors for the year ended April 30, 1961:

The proportion of the Group profits for the year carried to the Appropriation Account is £1,028,735, from which the Directors have set aside to Fleet Replacement Account £400,000. After adding the amount brought forward there remains a balance of £1,118,349. The Directors recommend the payment of a Dividend of 10 per cent on the Ordinary Stock of the Company, less Income Tax.

The Directors regret that the amount of Group profits available to the Parent Company shows a decrease as compared with last year's figures but, apart from the difficulties which are to be expected in general trading, the Shipping Industry as a whole has suffered very greatly from labour disputes and increasing expenses, which have had their effect not only in the results of vessels' operations but in the results of some of the ancillary businesses as well.

REVIEW OF SERVICES

The service to the Pacific Coast of North America has been maintained with six ships throughout the year. The two passenger vessels *Queen of Bermuda* and *Ocean Monarch* have continued to fulfil the conditions of the Contract with the Bermuda Trade Development Board and in addition have completed a number of cruises from United States ports. Competition in this field has and will become increasingly severe.

The seasonal trade between the North East Coast of the United Kingdom and London to Canadian and United States ports in the Great Lakes has not come up to expectations despite its potentialities, but the Company is continuing, as in the previous year, to provide regular sailings with two vessels.

The two refrigerated vessels normally engaged in the South American trade have been continuously employed during the year.

The results of the Johnston Line Service to Greece, Turkey and Black Sea ports have been affected by difficult trading conditions which continue to exist in this area.

Freight earnings on the Warren Line passenger/cargo service to Newfoundland, Nova Scotia and Boston have continued at a reasonably high level. Whereas last year there were signs of a modest improvement in the Mediterranean trade, this has unfortunately not been maintained.

The import restrictions imposed by New Zealand and Australia brought about by the unsatisfactory prices realised for their primary exports to overseas markets have had an adverse effect on the results of the Shaw Savill trades.

EXPANSION IN TRINIDAD

Reference was made last year to the continuing expansion of the Company's trading activities in Trinidad. Increasing competition has, during the last year, affected the profits, but the Directors take an optimistic view of future prospects, and have contracted since the close of the year for the construction of a new building on property now owned, to provide additional office premises and showrooms.

The report and accounts were adopted.

Winget

Plant and Concrete Mixing Machinery for the Construction Industry—
Refrigeration Equipment—Wire Mill Machinery—'Mechanite' Iron Castings

Salient features of the Directors' Report and Accounts for the year ended March 31, 1961

	1960-61	1959-60
Group Profit	£308,941	£268,688
Taxation	155,186	131,923
Ordinary Share Dividend (net)	47,223	36,382
Share Capital and Reserves	1,507,780	1,224,925
Total Net Assets	2,179,130	1,610,802

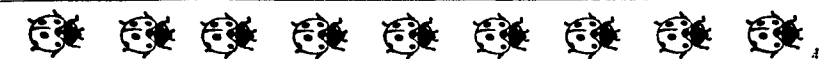
GENERAL REVIEW. Sales achieved again showed a substantial increase over the previous year. However, the general upward trend in wages had an inflationary effect on practically all items of cost. Consequently the benefits arising from the increased Group turnover were very largely offset by a fall in profit margins.

GROUP EXPANSION. Since the date of last year's report the Group activities have been expanded by

- (1) The acquisition of Slater & England Limited, a company engaged in the design and manufacture of small Dumpers
- (2) The purchase of the outside shareholders' interest in Moore's Plant Limited
- (3) The acquisition in April, 1961, of Hanson & Edwards Limited, Warrington, manufacturers of Stranding and Ancillary Equipment for the Wire and Cable Industry.

PROSPECTS. The immediate future is overshadowed by the current economic position at home and the general uncertainty in the international political situation. The Directors, however, have every confidence in the longer term prospects.

Winget Limited, Rochester, Kent.

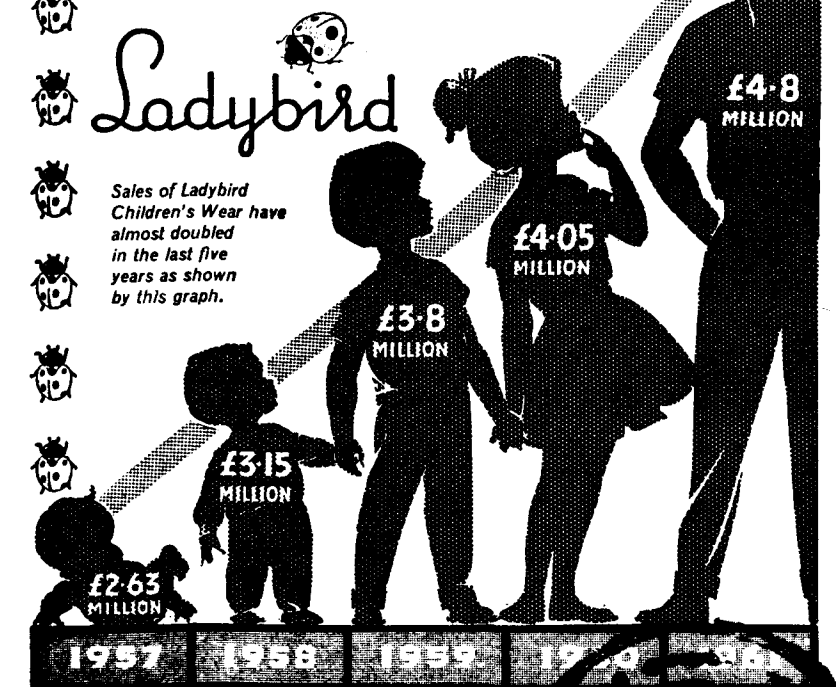


PASOLDS LIMITED

Another successful year to 31st March, 1961

Group Profits before tax increased by £127,385 to £829,195
Ordinary Dividend 16%.

The Common Market should afford great opportunities for expansion.



Sales of Ladybird Children's Wear have almost doubled in the last five years as shown by this graph.

Handwritten notes and a circular stamp with the number 93942.

PRANG BESAR RUBBER ESTATE

SUCCESSFUL CONSOLIDATION

The Annual General Meeting of Prang Besar Rubber Estate Limited will be held on October 17th in London.

The following is an extract from the statement by the chairman, Mr R. O. Jenkins, circulated with the Report and Accounts for the year ended March 31, 1961:

APPOINTMENTS

AGRICULTURAL ECONOMISTS THE UNITED NATIONS

has two vacancies in the Secretariat of the United Nations Economic Commission for Africa, in Addis Ababa, Ethiopia, to plan, conduct and direct investigations into the problems and progress of agricultural development with special reference to African countries, and to formulate agricultural development projects.

Qualifications desired are advanced university education in economics or agricultural economics; substantial experience at governmental or inter-governmental level in handling practical economic problems in the agricultural sector, preferably in those of less developed countries; and excellent knowledge of English or French (working knowledge of the other desirable), with demonstrated ability in drafting reports.

One vacancy is at the First Officer level with a salary range of US \$7,300-US \$9,500 net, free of tax, per annum, while the other is at the Senior Officer level with a salary range of US \$8,750-US \$11,000. In addition, there is a cost of living allowance of \$2,375 for the First Officer and \$2,500 for the Senior Officer posts, net, for persons with dependants (somewhat less for single) plus dependency allowances and benefits.

In accordance with the principles of the United Nations Charter, recruitment of staff for the Secretariat is made on as wide a geographical basis as possible. Accordingly, in recruitment for the above vacancies preference shall be given to nationals of Member States which have at present disproportionately few or no nationals on the staff.

*Applications should be sent to the
Personnel Officer,
Economic Commission for Africa,
P.O. Box 3001, Addis Ababa.*

VICTORIA UNIVERSITY OF WELLINGTON

CHAIR OF BUSINESS ADMINISTRATION

A Chair of Business Administration has been established at the Victoria University of Wellington and the University Council invites applications from suitably qualified persons for the first appointment.

The appointee will be expected to have high-level qualifications in an academic field relevant to business and high-level experience in business. According to the background and qualifications of the appointee, the Council may require him to spend a period (i) examining from the University and business standpoints the New Zealand position in respect of studies in Business Administration; (ii) investigating work in Business Administration in overseas universities. He will, in the discretion of the Council, and subject to certain conditions, be entitled to the right of private practice in a consultative capacity.

The salary will be at the rate of £2,800 per annum.

Approved fares to Wellington will be allowed for the appointee, his wife and his dependent children. In addition, actual removal expenses will be allowed within certain limits.

Further particulars and information as to the method of application may 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 New Zealand and in London, on 16th October, 1961.

RESEARCH DIRECTOR with organising drive and writing ability, salary £2,000 and upwards according to qualifications, required for new social and economic research institute concerned with consumer problems.—Apply, Box 1543.

VICTORIA UNIVERSITY OF WELLINGTON

CHAIR OF POLITICAL SCIENCE

Applications are invited for appointment to the above-mentioned post which is at present vacant, owing to the sudden death of Professor K. J. Scott. The appointee will be required to act as Head of the School of Political Science and Public Administration, to maintain close relations with administrative agencies and to promote co-operation with official and unofficial bodies in furthering research and higher education relative to administrative work in New Zealand, and to manage and edit the departmental journal "Political Science". The salary will be at the rate of £2,800 per annum.

Approved fares to Wellington will be allowed for the appointee, his wife and his dependent children. In addition, actual removal expenses will be allowed within certain limits.

Further particulars and information as to the method of application may 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 New Zealand and in London, on 31st October, 1961.

CITY OF PORTSMOUTH COLLEGE OF TECHNOLOGY

Principal: W. Davey, B.Sc., Ph.D., F.R.I.C.

DEPARTMENT OF COMMERCE

LECTURER in Business Administration. Applications are invited for Appointment as Lecturer in Business Administration to commence in January, 1962, or earlier if possible. Candidates should be graduates in Economics or Commerce with special interest in Business Administration and Statistics, and have practical experience in either Production Management or Marketing. Details and form of application from the Registrar, College of Technology, Portsmouth.

FERRANTI LTD. HOLLINWOOD, LANCS.

have a vacancy in the Export Sales Department for a Woman Economist. The work includes the provision of an information service and reports on specific projects.

Candidates must have some experience of working on their own initiative.

Good salary and staff conditions including Superannuation Scheme.

Apply giving full particulars of age, education and experience to Miss I. Graham

ECONOMICS GRADUATE required by pharmaceutical company with modern offices at Queenborough, Kent. Position suitable for young lady 25-30 years of age who has knowledge of statistics as applied to market research and who has initiative and the drive needed to build new department.—Apply in writing to (Ref. AFW), Abbott Laboratories, Limited, 8, Baker Street, London, W.1.

MARKET RESEARCH

Philips Electrical Limited invite applications for SENIOR appointments in their expanding Market Research Department. Posts involving direct contact with various levels of marketing management, demand a sound experience of the wide variety of products marketed by the Company. Conditions of employment for these posts will be attractive and applicants are asked to give information on qualifications and experience to Personnel Officer, (D/752/2), Century House, Shaftesbury Avenue, W.C.2.

For further appointments and other classified advertisements see page 1209

MONASH UNIVERSITY

Melbourne, Australia

LECTURESHIPS AND SENIOR LECTURESHIPS IN POLITICS

Applications are invited for appointment to Senior Lectureships and Lectureships in Politics. Applicants should possess a degree with honours or its equivalent. The level of appointment will be determined by the successful applicants' qualifications. Courses in Politics are offered in the Faculties of Economics and Politics, and Arts. Teaching for the second and third years at both pass and honours level will be introduced in 1962 and 1963. The successful applicants will be given every assistance to pursue their individual research interests. Salary scales: Senior Lecturer £A2,480/100/2,560; Lecturer £A1,660/100/2,360, with provision for superannuation on the F.S.S.U. basis.

Detailed conditions of appointment may be had from the Registrar of the University, or from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1. Applications close, in Australia and London, on 23rd October, 1961.

serve and recommend a final dividend of 40 per cent, making 50 per cent for the year.

There has been an unsatisfied demand for our seed but with Gough Garden 2 now in full bearing and Gough Garden 3 coming on we hope that rationing of available supplies may not again be necessary.

Progress in polymer science is unmistakable and a number of factors stick out which portend a growing challenge to our industry's competitive strength. But while taking a cautious view of the future your directors have confidence in the stability of Prang Besar and in its capacity to counterbalance lower price trends with operational efficiency.

PRESSED STEEL COMPANY LIMITED

wish to recruit a

CHARTERED ACCOUNTANT

to assist in all aspects of accounting and financial control. In addition to the preparation of routine accounting statements he will be expected to contribute to the development of the Company's system of Management accounting to keep pace with the needs of its expanding business. Age range, 25-30.

The appointment will be at the Head Office of the Company in Oxford. A Contributory Pension Scheme is operated and good welfare facilities are available. Application forms are obtainable from the Staff Officer, Pressed Steel Company Limited, Cowley, Oxford.

CENTRAL OFFICE OF INFORMATION requires an INFORMATION OFFICER (unestablished). Main duties are to write reference information papers on British and international economic affairs and share in the answering of inquiries. Candidates should have a university degree in economics or a related subject, research experience and ability to present factual information concisely and accurately, and should be able to supply examples of written work if required. Some knowledge of finance and international trade is desirable. Salary £1,262-£1,490.—Write, giving age, full details of experience and qualifications, to Manager (PE.3546), Ministry of Labour, Professional and Executive Register, Atlantic House, Farringdon Street, London, E.C.4.

LIBERAL PARTY

Research Assistant required in the Liberal Party Research Department. Graduate in Economics, Politics or related subjects.—Write with full details to Director, Liberal Research Department, 56, Victoria Street, S.W.1.

INVESTMENT ANALYSTS required commencing October for newly constituted research bureau sponsored by group of prominent international banking institutions.—Write fully in strictest confidence to Box 1544.

CENTRAL OFFICE OF INFORMATION requires an INFORMATION OFFICER (unestablished). Duties are chiefly to write reference information papers on international affairs. Qualifications required are an honours degree (preferably in history), research experience and the ability to present factual information concisely and accurately. Applicants should be able to supply examples of written work if required. Salary £1,262-£1,490.—Write, giving age, full details of experience and qualifications to Manager (PE.3542/PC), Ministry of Labour, Professional and Executive Register, Atlantic House, Farringdon Street, London, E.C.4.

JOSEPH ROWNTREE MEMORIAL TRUST

APPOINTMENT OF ASSISTANT DIRECTOR

Applications are invited for the post of Assistant Director of the Joseph Rowntree Memorial Trust at York. The person appointed will assist the Trust's Director in implementing under the Trust's direction the powers to engage in social research and experiment contained in the Joseph Rowntree Memorial Trust Act, 1959.

Applicants should have an Honours degree or produce evidence of ability to work at that level. They should be interested in the development of social institutions and their impact on those they are intended to serve.

Applications, which should include the names of two persons to whom reference may be made, should be sent to the Secretary, Joseph Rowntree Memorial Trust, Beverley House, Shipton Road, York, from whom further details of the post and of the Trust's work may be obtained.

COMPANY AFFAIRS

Calico Printers Association

IN the year to June 30th the gross income of the Calico Printers Association rose by 6 per cent from £5,145,000 to £5,430,000. The interim report in March showed that the royalty income, derived from sales of "Terylene" made by ICI and polyester fibres manufactured under sub-licence abroad, was still rising. In the full year net royalty income rose from £854,000 to £1,033,000. But the volume of business in printing and finishing services has shrunk and as a result net profits from CPA's traditional interests have fallen, limiting the rise in total net income to little more than 3 per cent, from £1,851,000 to £1,910,000.

The final dividend has been limited by the directors in deference to the Chancellor's request to the equivalent 1959-60 rate of 7½ per cent plus a bonus (related to royalty income) of 6½ per cent. The interim dividend in March was raised from 6½ to 7½ per cent because of the higher royalty income, so that the total payment has been effectively increased from 20 to 21½ per cent, covered about 3½ times.

Income from royalties in this country will cease in 1963 and the last of the overseas patent rights, which now contribute over 60 per cent of CPA's royalty income, run out in 1968. The importance of royalties for CPA looms even larger at the moment because of the difficulties it has experienced in its own trade. The poor summer weather led to a serious contraction in demand for commission printing and finishing and current orders do not, the directors say, indicate any immediate improvement in the general level of activity at CPA's printing and finishing works. Merchenting has been similarly affected and export sales have been hit by credit restrictions and import controls. However, the group's manufacturing interests overseas have done well and the reorganisation of the British spinning and weaving mills has produced higher profits from them. The directors also describe the profits earned in retailing as satisfactory. This does not make particularly heartening reading for investors who have to think of the future of CPA after the patent rights expire, and the stock market's reaction was to mark the 5s. shares down by 7½d. to 12s. 10½d., to yield 8.4 per cent on the total payment of 21½ per cent, of which 13½ per cent may perhaps be attributed to the royalty element.

Saxone, Lilley and Skinner

As with many other shoe companies Saxone, Lilley and Skinner (Holdings) has had an enviable record of growth in recent years and this is reflected in the 2½

per cent yield offered by the 5s. units at 26s. 6d. But another factor accounting for the high price of the shares has been the prospect that the shop properties of the group would be revalued. The revaluation has now been completed and, as expected, it reveals a substantial surplus over their book value. As valued at July 31st the properties were worth £15,665,000. Of this sum only the surplus of £5,600,000 arising on freehold properties is being written into the accounts; the leasehold properties, on which there is a surplus of over £5,800,000, are to be left in the accounts at their original book values.

The figures are impressive but they draw attention to the fact that the real rate of return on capital employed is low. Before the revaluation the net return on equity capital employed amounted to 12 per cent but that return comes down to 4½ per cent if both the freehold and leasehold properties are taken at their up-to-date valuations. This suggests that some of the assets might be more profitably employed in other uses, or that some of them might even be sold. It also points to the wisdom of the group's policy of expanding business by leasing and running shoe departments in a large number of department stores rather than by establishing its own shops.

Immediately, the revaluation has resulted in a one-for-one scrip issue for ordinary shareholders, part of the surplus being capitalised in writing up the nominal value of the shares from 5s. to 10s. In addition the company proposes by a debenture issue to raise £2 million to repay temporary borrowings and to provide additional working capital.

Doom Dooma Tea

SHAREHOLDERS of Doom Dooma Tea have to make a decision this week-end. The choice before them is between Brooke Bond's revised offer of 55s. a share in cash or the slightly more remote possibility that over 80s. a share might ultimately be realised from the sale of Doom Dooma's estates. The increase of 10s. in this final offer from Brooke Bond, which remains open until September 26th, followed a circular from the Doom Dooma directors disclosing that they had received a firm offer worth about 35s. a share for three of its estates and that the value of the two remaining estates was equal to 45s. a share. Thus Brooke Bond's revised offer still falls far short of the total asset value, but it gives Doom Dooma shareholders 55s. in cash immediately and Lazard Brothers, which has sent out the offer, suggests that shareholders may prefer "a bird in the hand to two in the bush."

Further circulars from Doom Dooma suggest that the two birds have an attrac-

tive plumage. They say that the offer by Indian interests for three estates has been increased from the equivalent of £300 to £315 an acre, compared with Brooke Bond's offer which is equivalent to £165 an acre. Taking into account stores, which would be taken over at an agreed valuation, the directors estimate the amount realisable at nearer 40s. than 35s. a share. They add that though the two remaining estates are smaller in acreage they contributed over half of the profit in 1960. This obviously goes a long way to justify the high valuation put on them. In advising shareholders not to accept the Brooke Bond offer and any who have already accepted to withdraw their acceptances by this Friday the Doom Dooma board, advised by Baring Brothers, says it "will do everything in its power to meet the wishes of the majority of members when they have decided which course they wish to follow." Most of the 40 shareholders who attended last week's annual meeting were prepared to reject both offers. This may only be a minority view, for the prospect of gain sparked off by the Brooke Bond bid is hard to resist when it is compared with the price range of 34s. 3d.-20s. 6d. on the 5s. shares in the last five years.

Eastwoods and London Brick

BUILDING activity in this country has remained high this year and the demand for materials has continued to run ahead of available supplies. The results from Eastwoods, which makes cement, bricks, tiles and pipes, show that it has done well from the boom: in the year to March 31st its gross profits rose by 24 per cent from £1,001,000 to £1,242,000. The market was expecting good results, as in May the directors had said that the turnover in the first six months had reached a record level and that they hoped that the 1960-61 profit would amount to about £1,200,000. At that time the interim dividend was raised from 5 to 7½ per cent and a total of 20 per cent was forecast, compared with 17½ per cent paid for 1959-60; a final of 12½ per cent has duly been declared and the earnings cover has risen from 2.2 to 2.4 times. As long as building activity remains high the group should continue to prosper though the credit squeeze and its fuel factoring business, hit by falling house coal sales, could limit the gain in profits. The stock market, however, is more impressed by the continued demand for building materials and marked the £1 ordinary shares up by 1s. 9d. to 84s., to yield 4½ per cent.

London Brick also produces a wide range of building materials. Last year its results were good, though not spectacular, and now its directors have left the interim dividend unchanged at 5 per cent. But they say they would have paid more, had it not been for the Chancellor's request, as trading results so far are "very satisfactory." Since this announcement the £1 ordinary

Continued on page 1206

LONDON AND NEW

Prices, 1961		BRITISH FUNDS AND GUARANTEED STOCKS	Price, Sept. 13, 1961	Price, Sept. 20, 1961	Net Yield, Sept. 20, 1961	Gross Yield, Sept. 20, 1961	Prices, 1961		Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, Sept. 13, 1961	Price, Sept. 20, 1961	Yield, Sept. 20, 1961	Cover
High	Low						High	Low						
92 1/2	88 3/4	Savings Bonds 3% 1955-65	88 1/2	88 3/4	£ s. d.	£ s. d.	89 7/2	64 -	13 c	6 1/2 a	71 9/16	73 6	3 54	
101 1/2	99	Conversion 4 1/2% 1962	99 1/2	99 1/2	5 0 0	6 3 5	100 3	74 3	16 c	8 a	82 9	82 9	3 87	
96 3/4	93 3/4	Exchequer 3% 1962-63	94 1/2	94 1/2	4 19 7	6 7 7	100 3	74 3	16 c	8 a	82 9	82 9	3 87	
101 1/2	98 3/4	Treasury 5 1/2% 1962	99 1/2	99 1/2	3 7 4	6 3 7	80 -	58 7/2	13 c	5 a	61 9	61 9	3 66	
93 3/4	90 1/4	Exchequer 2 1/2% 1963-64	90 3/4	90 3/4	5 3 1	6 6 7	26 1/2	18 7/2	8 b	7 a	20 6	21 -	3 57	
99 1/2	96 3/4	Conversion 4 1/2% 1963	97 1/2	97	4 8 4	6 11 11	97 3	73 -	19 c	9 1/2 a	79 9	80 9	3 72	
98 1/2	94 1/2	Conversion 4 1/2% 1964	95 1/2	95 1/2	4 9 2	6 10 2	95 6	58 9	7 1/2 b	6 3/4 a	77 6	77 6	3 61	
101 1/2	96	Exchequer 5 1/2% 1966	96 1/2	96 1/2	4 5 4	6 9 2	44 9	35 7/2	8 b	4 a	37 -	37 -	6 49	
83 1/2	78 1/2	Funding 3% 1959-69	78 1/2	78 1/2	5 6 11	6 13 4	52 -	43 9	6 b	4 a	44 3	43 9	4 57	
89 1/2	86	Funding 4% 1960-90	86 1/2	86 1/2	3 17 5	5 12 11	£24 8	£23 16	\$1 85 c	\$2 05 c	£23 8	£23 8	2 97	
93 1/2	90 1/4	Savings Bonds 3% 1960-70	91 1/2	91 1/2	5 5 10	6 13 5	30 1/2	25 1/2	8 b	9 a	26 1/2	26 1/2	5 38	
84 1/2	80 1/4	Savings Bonds 2 1/2% 1964-67	82 1/2	82 1/2	5 7 6	6 11 1	30 1/2	25 1/2	8 b	9 a	26 1/2	26 1/2	5 38	
83 1/2	78 1/2	Savings Bonds 3% 1965-75	80 1/2	80 1/2	5 2 5	6 12 1	44 9	35 7/2	10 c	5 a	36 -	36 -	5 80	
97 1/2	92 1/2	Funding 3% 1966-68	80 1/2	80 1/2	5 6 5	6 13 6	44 9	35 7/2	7 1/2 b	5 1/2 a	51 6	51 6	5 83	
85 1/2	80 1/4	Victory 4% 1920-76	83 1/2	83 1/2	3 9 2	5 2 2	70 6	50 -	5 -	10 -	£17 1/2	£17 1/2	4 29	
93 1/2	87	Conversion 3 1/2% 1969	87 1/2	87 1/2	5 3 8	6 12 9	£25 1/2	£25 1/2	10 b	9 a	26 1/2	26 1/2	5 38	
95 1/2	88 1/2	Conversion 5% 1971	88 1/2	88 1/2	4 11 9	6 14 7	119 6	96 3	10 b	9 a	26 1/2	26 1/2	5 38	
95 1/2	88 1/2	Conversion 5 1/2% 1974	89 1/2	89 1/2	4 7 1	6 12 2	40 3	32 6	5 a	10 b	33 9	32 6	9 23	
73 1/2	66	Treasury 3 1/2% 1977-80	67 1/2	67 1/2	4 16 11	6 12 9	165 -	95 -	22 1/2 c	22 1/2 c	77 6	77 6	1 94	
72 1/2	65	Treasury 3 1/2% 1979-81	66 1/2	66 1/2	4 16 11	6 12 9	165 -	95 -	22 1/2 c	22 1/2 c	77 6	77 6	1 94	
97 1/2	88 1/2	Funding 5 1/2% 1982-94	89 1/2	89 1/2	4 2 9	6 9 8	60 6	46 6	6 1/2 a	6 1/2 a	77 6	77 6	5 38	
51 1/2	51 1/2	Redemption 3% 1986-96	51 1/2	51 1/2	4 12 5	6 9 10	13 -	13 -	18 c	Nil a	27 1/2	27 1/2	1 14	
88 1/2	79 1/2	Treasury 5% 1986-99	79 1/2	79 1/2	4 6 9	6 12 3	27 1/2	13 3/4	19 c	5 a	14 3	13 3/4	4 52	
63 1/2	55	Funding 3 1/2% 1999-2004	56 1/2	56 1/2	4 9 0	6 12 4	13 3/4	13 3/4	19 c	5 a	14 3	13 3/4	4 52	
94 1/2	81 1/2	Treasury 5 1/2% 2008-12	82 1/2	82 1/2	4 4 7	6 15 21	210 -	135 -	4 a	22 1/2 b	137 6	135 -	3 93	
65 1/2	56 1/2	Consols 4% after Feb. 1957	58 1/2	58 1/2	4 3 8	6 17 11	13 -	11 -	5 a	8 1/2 b	73 4 1/2	72 1/2	3 47	
59 1/2	50 1/2	War Loan 3 1/2% after 1952	53 1/2	53 1/2	4 1 8	6 14 4	13 -	11 -	5 a	8 1/2 b	73 4 1/2	72 1/2	3 47	
59	50 1/2	Conv. 3 1/2% after Apr. 1961	52 1/2	51 7/8	4 2 7	6 14 9	13 -	11 -	5 a	8 1/2 b	73 4 1/2	72 1/2	3 47	
44 1/2	43 1/2	Treasury 3% after Apr. 1966	44 1/2	44 1/2	4 2 8	6 14 11	41 1/2	31 -	6 1/2 a	4 a	26 9	26 9	1 14	
50 1/2	46 1/2	Consols 2 1/2% after Apr. 1966	38 1/2	38 1/2	3 19 7	6 9 9	26 9	13 -	6 1/2 a	4 a	26 9	26 9	1 14	
43 1/2	36 1/2	Treasury 2 1/2% after Apr. 1975	37 1/2	37 1/2	4 1 4	6 12 8	60 6	50 -	14 1/2 b	8 a	51 6	51 6	4 25	
91 1/2	85 1/2	British Electric 4 1/2% 1967-69	87 1/2	87 1/2	4 15 5	6 13 11	42 -	30 -	7 1/2 b	5 a	33 1/2	33 1/2	3 76	
75 1/2	70 1/2	British Electric 3 1/2% 1968-73	71 1/2	71 1/2	5 3 6	6 11 10	42 -	30 -	7 1/2 b	5 a	33 1/2	33 1/2	3 76	
70 1/2	64 1/2	British Electric 3% 1974-77	65 1/2	65 1/2	5 0 11	6 11 10	42 -	30 -	7 1/2 b	5 a	33 1/2	33 1/2	3 76	
81 1/2	74 1/2	British Electric 4 1/2% 1974-79	75 1/2	75 1/2	4 12 2	6 11 7	33 9	26 -	27 c	9 a	32 3	32 3	4 19	
73 1/2	67	British Electric 3 1/2% 1976-79	68 1/2	68 1/2	4 16 8	6 12 6	33 9	26 -	27 c	9 a	32 3	32 3	4 19	
84 1/2	78 1/2	British Gas 4% 1969-71	80 1/2	80 1/2	4 17 2	6 13 2	27 1/2	13 3/4	19 c	5 a	14 3	13 3/4	4 52	
81 1/2	76	British Gas 3 1/2% 1972-75	77 1/2	77 1/2	5 0 9	6 12 5	28 1/2	21 1/2	4 a	8 1/2 b	73 4 1/2	72 1/2	3 47	
59 1/2	51 1/2	British Gas 3% 1980-95	53 1/2	53 1/2	4 12 11	6 11 10	28 1/2	21 1/2	4 a	8 1/2 b	73 4 1/2	72 1/2	3 47	
80 1/2	74 1/2	British Transport 4% 1972-77	75 1/2	75 1/2	4 14 0	6 12 2	18 1/2	10 6	10 b	5 a	33 1/2	33 1/2	3 76	
61 1/2	53 1/2	British Transport 3% 1978-88	55 1/2	55 1/2	4 16 3	6 11 7	105 6	85 -	12 1/2 b	5 a	33 1/2	33 1/2	3 76	

NEW YORK PRICES AND INDICES

Sept. 13		Sept. 20		Sept. 13		Sept. 20		Sept. 13		Sept. 20	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Atch. Topoka	27 1/2	26 3/4	Boeing	55 1/2	54 3/4	Int. Harvester	53 3/4	51 7/8	48 1/2	47 1/2	46 1/2
Can. Pacific	24 1/2	24	Celanese	36 1/2	34 1/2	Inter. Nickel	83 1/2	82 1/2	49 1/2	49	48 1/2
Pennsylvania	15	15	Chrysler	55 1/2	55	Inter. Paper	35 1/2	35 1/2	71 1/2	71 1/2	71 1/2
Union Pacific	34 1/2	34	Col. Palmolive	47 1/2	46 1/2	Kennecott	84 1/2	83	72 1/2	72 1/2	72 1/2
Amer. Electric	69 1/2	67 3/4	Crown Zeller	59 1/2	59	Monsanto	57 1/2	55 1/2	52 1/2	52 1/2	52 1/2
Am. Tel. & Tel.	119 1/2	119	Distillers Seag	43 1/2	41 1/2	Nat. Distillers	27 1/2	26 3/4	63 1/2	63 1/2	63 1/2
Cons. Edison	77 1/2	76 3/4	Douglas	36 1/2	34 1/2	Pan-American	18 1/2	17 1/2	38 1/2	38 1/2	38 1/2
Int. Tel. & Tel.	57 1/2	55 1/2	Dow Chemical	82 1/2	82 1/2	Procter & Gamble	98 1/2	92 1/2	40 1/2	40 1/2	40 1/2
South Nat. Gas	44 1/2	43	Du Pont	229 1/2	228	Radio Corp.	58 1/2	56 1/2	48 1/2	48 1/2	48 1/2
United Corp.	44 1/2	43	East Kodak	103 1/2	100 1/2	Sears Roebuck	69 1/2	69 1/2	8 1/2	8 1/2	8 1/2
Western Union	44 1/2	43	Ford Motor	98 1/2	104 1/2	Shell Oil	40 1/2	37 1/2	72 1/2	72 1/2	72 1/2
Alcoa	29 1/2	29 1/2	Gen. Electric	74 1/2	73 1/2	Socoy-Mobil	42 1/2	41 1/2	33 1/2	33 1/2	33 1/2
Aluminium	29 1/2	29 1/2	General Foods	94 1/2	93 1/2	Stand. Oil Ind.	49 1/2	47	40 1/2	40 1/2	40 1/2
Amer. Can.	45 1/2	44 1/2	General Motors	47 1/2	48 1/2	Stand. Oil N.J.	44 1/2	43 1/2	40 1/2	40 1/2	40 1/2
Art. Smelting	66 1/2	63 1/2	Goodyear	46 1/2	44	Union Carbide	138	134 1/2	79 1/2	79 1/2	79 1/2
Am. Viscose	61 1/2	59	Gulf Oil	37 1/2	37	U.S. Steel	84 1/2	81 1/2	45 1/2	45 1/2	45 1/2
Anacosta	54 1/2	52 1/2	Heinz	64 1/2	60 1/2	West. Electric	45 1/2	45	78 1/2	78 1/2	78 1/2
Beth. Steel	42	41 1/2	Int. Bus. Mach.	549	540	Woolworth	74 1/2	73	110 1/2	110 1/2	110 1/2

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

1961	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Aug. 23	71.82	2.83	33.44	4.87	61.68	3.14	88.70	4.01
Sept. 6	72.27	2.81	33.17	4.91	62.61	3.10	88.80	4.01
Sept. 13	71.76	2.83	33.12	4.92	62.44	3.11	88.39	4.04
Sept. 20	70.53	2.88	33.09	4.92	62.12	3.16	88.59	4.02

425 Industrials—High, 72.38 (Aug. 22). Low, 60.87 (Jan. 3).

* Ex dividend. † Tax free. ‡ Assumed average life 7 1/2 years. § The net redemption yields allow for tax at 7 1/2% in £. || Ex capitalisation. ¶ Ex rights. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) Capital distribution of £s. Od. per share. (e) 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, Sept. 13, 1961	Price, Sept. 20, 1961	Yield, Sept. 20, 1961	Cover	Prices, 1961		Last Two Dividends (a) (b) (c)		ORDINARY STOCKS		Price, Sept. 13, 1961	Price, Sept. 20, 1961	Yield, Sept. 20, 1961	Cover	
High	Low									High	Low									
FOOD & TOBACCO																				
34/-	17/6	10 c	%	Allied Suppliers	10/-	17/7 1/2	17/10 1/2	5 59	2 1/4	62/-	43/-	20 a	%	60 b	Assoc. British Picture	5/-	48/3	48/-	6 25	2 1/4
15/-	7 3/4	10 a	%	Assoc. British Foods	11/-	11/6	11/3	2 00	2	34 1/2	26 1/2	20 a	40 b	14 b	Assoc. Television 'A'	5/-	30 1/2	30 1/2	9 88	1 1/2
74/-	55/-	4 a	8 b	Bovril	5/-	60/-	58/3	4 12	2 1/2	51 9	41 1/4	16 a	62 b	14 a	British Match	5/-	32/3	33/10 1/2	5 90	2
15/6	11/9	14 1/2 b	12 a	Brooke Bond 'B'	5/-	13/-	12/9	4 26	3 1/2	28 1/2	17/6	6 1/2 b	3 a	7 b	British Oxygen	5/-	18/3	18/3	5 92	2
19/3	12/10 1/2	2 1/2 a	10 b	International Tea	5/-	14/-	13/11 1/4	4 26	1 1/2	28 1/2	17/6	6 1/2 b	3 a	7 b	British Ropes	5/-	8/10 1/2	8/10 1/2	5 63	2 1/4
107/9	67/6	5 a	10 b	J. Lyons 'A'	5/-	67/6	67/6	4 69	1 1/4	13/-	8/7 1/2	3 a	7 b	15 b	De La Rue	2/6	53/6	53/-	4 25	2
35/6	25/9	9 b	7 1/2 b	Spillers	5/-	11/4 1/2	11/-	4 55	2	50/-	31/9	6 a	14 b	14 b	Gestetner 'A'	5/-	38/-	38/-	2 63	3 1/4
14 0 1/2	10/9	9 b	3 a	Tate & Lyle	5/-	47/11 1/2	47/11 1/2	5 09	2	73/9	53/6	14 4 c	6 a	3 a	Glaxo	5/-	58/3	55/-	2 73	3 1/4
20/10 1/2	15/9	5 a	9 b	Unigate	5/-	15/10 1/2	15/9	4 44	2	57/6	47/6	12 b	3 a	4 a	Harisons & Cr. Delf.	5/-	42/6	43/6	6 19	1 1/2
73/-	62/-	12 1/2 c	11 1/2 a	Brit. Amer. Tobac.	10/-	64/-	64/-	5 55	2 1/2	55/6	35/6	40 b	5 a	5 a	Hoover 'A'	5/-	20/6	19/9	4 43	2
51/6	40/-	5 a	15 b	Gallaher	10/-	61/7 1/2	61/10 1/2	4 78	2	28/-	19/9	12 b	5 a	4 a	Ilford	5/-	93/6	91/3	2 47	2 1/4
71/6	65/3	14 b	8 a	Imperial Tobacco	10/-	69/-	69/-	6 52	1 1/4	107/3	56/3	7 1/4 b	4 a	4 a	I.C.T.	5/-	48/9	48/9	5 13	1 1/4
MISCELLANEOUS																				
15 1/4	11 1/6	155 b	150 a	Britannic	5/-	12 3/4	12/8 1/2	3 40	---	37/3	29/6	6 a	10 b	10 b	National Canning	5/-	35/3	34/6	4 64	2 1/4
86/3	61/3	20 a	25 b	Commercial Union	5/-	64/-	63/6	3 54	---	37/6	24/7 1/2	15 b	5 a	5 a	Powell Duffryn	10/-	25/7 1/2	26/4 1/2	5 90	2 1/4
32	17 1/2	41/-17c	41/-17c	Equity & Law Life	8/-	76/9 1/2	74/9 1/2	2 01	---	39/7	27/9	17 1/2 a	15 a	15 a	Radio Rentals	5/-	35/3	34/6	4 64	2 1/4
88/4 1/2	51/10 1/2	10 a	20 b	General Accident	5/-	52/6	51/3	2 60	---	43/3	32/10 1/2	16 1/2 b	7 1/2 a	7 1/2 a	Rank Organisation	5/-	35/3	34/4 1/2	3 49	1 1/2
60/6	42/10 1/2	30 a	40 b	Guardian	5/-	31/2	31/3	1 50	---	78/-	55/-	12 c	4 a	4 a	Sears 'A'	5/-	32/3 1/4	31/8 1/4	3 94	2 1/4
39 1/2	27/6	8 1/2 a	11 1/2 b	Legal & General	5/-	130/7	129/3	3 10	---	166/6	130/-	9 04 2a	15 5b	15 5b	Thomas Tilling	4/-	22/9 1/2	22 6	3 56	2
272/6	156/3	170 b	120 a	Northern & Empl.	5/-	217/6	217/3	3 48	---	111 1/2	8 1/2	8 a	13 b	13 b	Turner & Newall	5/-	63/4 1/2	61/6	3 90	2 1/4
29	18	183 1/2 c	1208 1/2 b	Pearl	5/-	130/6	129/3	3 10	---	22/8	16/-	10 b	5 a	5 a	Unilever	5/-	142/3	141/9	2 69	3 1/4
182/-	140/5	50 a	50 b	Prudential 'A'	4/-	23 1/4	23 1/4	3 36	---	42/11 1/2	31/-	14 1/2 a	110 1/2 b	110 1/2 b	Unilever N.V.	12 fl.	9 7 1/2	9 7 1/2	3 46	3 1/4
129/3	102/6	11 1/2 b	7 1/2 a	Royal	5/-	154/6	150/3	3 06	---	25/-	13/7 1/2	8 c	5 c	5 c	United Glaciers	5/-	16/6	16/6	4 55	2 1/4
UNITED MOLASSES																				
SHIPPING																				
18/10 1/2	13/-	12 1/2 b	7 1/2 a	British Motor	5/-	13/3	13/8 1/4	7 31	2 1/2	46/3	36/-	6 1/2 a	13 1/2 b	13 1/2 b	Brit. & Com. wealth	10/-	36/6	37/1 1/2	5 39	2
86/3	66/1 1/2	20 c	20 c	Jaguar Cars 'A'	5/-	80/-	80/-	1 25	7 1/2	20/-	13/9	8 c	6 c	6 c	Cunard	5/-	15/-	16/4 1/2	7 33	1 1/4
48/6	41/10 1/2	21 a	8 1/2 c	Rolls-Royce	4/-	45/4 1/2	44/7 1/2	4 12	2 1/2	24/9	20/-	17 c	7 c	7 c	France Fenwick	5/-	20/3	20/3	6 91	2 1/4
10/6	6/8 1/4	12 c	12 c	Rootes Motors 'A'	4/-	64/4 1/2	64/4 1/2	7 53	5 1/2	50/6	35/6	10 c	10 c	10 c	Furness Withy	5/-	36/3	35/6	5 63	1
88/9	52/3 1/2	15 b	7 1/2 a	Rootes Motors 'A'	4/-	74/3	74/4 1/2	4 30	2 1/2	15/-	10/6	7 1/2 a	10 b	10 b	London & Overseas	5/-	11/6	11/6	7 61	1
101/-	79/5 1/2	31 a	9 a	Leysland Motors	10/-	88/4 1/2	88/6	4 52	2 1/2	48/6	34/10 1/2	2 1/2 c	2 1/2 c	2 1/2 c	P & O Delf.	5/-	36/11 1/2	36/11 1/2	6 01	1 1/2
18/1	23 1/4	31 a	9 a	Bristol Aeroplane	10/-	15/9	16/1 1/2	7 75	2 1/4	25/-	13/7 1/2	8 c	5 c	5 c	Reardon Smith	10/-	13/11 1/2	13/4 1/2	1 87	---
33/3	28/1 1/2	10 a	5 b	Hawker Siddeley	5/-	30/11 1/2	29/7 1/2	7 16	1 1/4											
41/3	31/9	14 a	15 1/2 b	Dowty Group	10/-	34/4 1/2	34/4 1/2	6 12	2											
28/10 1/2	21/6	31 a	12 1/2 b	Dunlop Rubber	10/-	26/3	25/10 1/2	6 12	2											
72/-	52/-	11 1/2 b	21 a	Joseph Lucas	5/-	19/9	19/3	7 79	1 1/4	74/10 1/2	54/6	6 a	10 b	10 b	Colvilles	5/-	53/4 1/2	55/7 1/2	5 75	4 1/2
36/3	19/3	9 a	21 c	Pressed Steel	5/-	30/6	30/3	4 13	2	49/10 1/2	31/9	7 1/2 b	3 1/2 a	3 1/2 a	Lancashire Steel	5/-	32/-	32/10 1/2	6 69	2 1/4
46/3	30/-	15 c	12 b	Triplex Holdings	10/-	30/6	30/3	4 13	2	42/-	28/-	8 b	4 a	4 a	South Durham	5/-	28/9	28/4 1/2	8 46	2
MINES																				
168/9	110/-	40 a	50 b	Anglo-American	10/-	126/3	123/11 1/2	7 31	1 1/2	47/8 1/4	34/1 1/2	7 1/2 b	5 a	5 a	Steel Co. of Wales	5/-	35/4 1/2	34/11 1/2	7 33	2 1/4
67/3	43/-	18 1/2 b	61 a	Consolid. Gold Fields	5/-	49/9	49/3	10 15	2	57/4 1/2	40/10 1/2	15 c	5 a	5 a	Stewart & Lloyd	5/-	44/3	44/3	6 74	3 1/4
108/9	72/6	15 a	20 a	General Mining	5/-	47/6	47/6	8 89	2	43/11 1/2	31/9	9 a	10 b	10 b	King Summers	5/-	44/3	44/3	7 30	2 1/4
68/6	40/-	40 a	120 b	Dagfontein	5/-	17/6	17/-	23 53	1 1/2	55/7 1/2	38/-	12 b	4 8a	4 8a	United Steel	5/-	42/6	45/4 1/2	5 42	3
25/3	15/9	70 a	100 b	Free State Geduld	5/-	80/7 1/2	81/3	10 46	2	63/6	46/-	8 1/2 b	6 a	6 a	Whitehead	5/-	46/3	47/6	6 32	3 1/4
125/-	73/9	25 a	25 b	Hartebeestfontein	10/-	41/3	41/-	12 20	1 1/2	42/7 1/2	28/11 1/2	5 a	7 1/2 b	7 1/2 b	English Sewing Cotton	5/-	28/11 1/2	28/11 1/2	8 89	1 1/2
64/6	41/10 1/2	50 a	60 b	President Brand	5/-	53/11 1/2	51/10 1/2	10 60	1 1/2	31/10 1/2	22/10 1/2	5 a	10 b	10 b	Fine Spinners	5/-	23/4 1/2	23/4 1/2	12 83	1 1/2
157/6	101/3	90 a	120 b	Western Holdings	5/-	117/6	116/3	9 83	2	70/4 1/2	51/-	12 1/2 b	7 1/2 b	7 1/2 b	Lancashire Cotton	5/-	51/-	51/-	9 80	1 1/2
28/6	15/9	8 1/2 a	13 1/2 a	Winkelhaak	10/-	58/6	58/3	12 08	1 1/2	47/6	32/4 1/2	9 1/2 a	5 1/2 a	5 1/2 a	Courtauld	5/-	33/4 1/2	33/4 1/2	5 99	1 1/2
73/5	55/-	36 1/2 b	41 1/2 a	Chartered	10/-	53/3	54/-	14 81 1/2	1 1/2	74/6	62/-	13 b	8 a	8 a	Illingworth Morris	4/-	6/4 1/2	5/10 1/2	9 08	1 1/2
11	8/3	60 b	20 a	Rhod. Selection Trst.	5/-	8/9	8/7 1/2	9 96 1/2	2 1/4	37/3	26/3	7 1/2 b	2 1/2 a	2 1/2 a	West Riding Worsteds	5/-	72/6	73/3	5 73	2
30/9	18/9	22 1/2 b	15 a	Tanganika Cons.	10/-	18/9	19/6	19 23	1 1/2	20/7 1/2	15/4 1/2	3 c	6 c	6 c	Woolcombers	5/-	27/-	27/6	7 27	2
81/6	63/-	61 1/2 a	133 b	Consolidated Zinc	5/-	67/-	65/-	16 15	1 1/2	16/24 1/2	11/9	7 1/2 a	133 b	133 b	Bradford Dyers	5/-	16/11 1/2	16/4 1/2	7 73	3 1/4
159/4 1/2	110/-	150 b	100 a	De Beers Delf. Rec.	5/-	132/6	132/6	9 43	1 1/2	55/10 1/2	38/6	10 a	10 b	10 b	Calico Printers	5/-	13/11 1/2	12/9	7 84	3 1/2
\$159	\$104	\$1 50c	\$1 50c	Internat. Nickel	10/-	16/-	16/11 1/2	8 68	1 1/4	13/7 1/2	9/10 1/2	10 c	10 c	10 c	Coats, Patons & B.	5/-	43/10 1/2	43/4 1/2	5 76	2 1/4
18/9	10/9	6 1/2 a	27 1/2 b	Rio Tinto	10/-	33/9	33/11 1/2	8 30	1 1/2	35/3	27/4 1/2	10 c	10 c	10 c	Inte. Industries	10/-	10/3	10/3	12 63	1 1/2
85/6	35/6	105 c	40 a	Tronoh	5/-	68/6	62/6	8 40	---											
TRUSTS, LAND & PROPERTY																				
61/6	43/-	18 1/2 b	13 1/2 a	British Petroleum	5/-	45/-	43/-	8 86	2 1/4	70/-	52/6	12 1/2 a	25 b	25 b	Alliance Trust	5/-	64/-	64/-	2 93	1 1/4
49/6	34/-	12 1/2 a	16 1/2 a	Burmah Oil	10/-	35/-	34/-	9 01	1 1/4	57/10 1/2	42/6	12 1/2 a	37 1/2 b	37 1/2 b	B.E.T. 'A' Delf.	5/-	50/9	49/9	5 03	1 1/2
52/-	37/-	10 23 1/2 b	13 6 1/2 b	Royal Dutch	20 fl.	11 1/3 1/2	11 1/3 1/2	9 11	2 1/4	65/9	47/6	22 c	23 1/2 a	23 1/2 a	Cable & Wireless	5/-	17/4 1/2	17/3	2 90	1 1/2
139/7 1/2	108/9	18 1/2 a	112 1/2 b	Shell Transport	10/-	114/-	112/-	6 07	3	100/7 1/2	72/6	7 04 a	9 04 b	9 04 b	City Centre Props.	5/-	54/3	55/6	2 28	1 1/2
41/3	24/3	---	---	Ultramar	10/-	25/6	25/-	---	---	36/-	22/3	2 c	4 b	4 b	London Real Prop.	5/-	73/9	72/6	3 01	1 1/2
PAPER & NEWSPAPERS																				
14/7 1/2	9/10 1/2	4 a	5 a	Daily Mirror	5/-	12/11 1/2	12/-	6 25	1 1/4	39/6	26/9	12 1/2 c	3 1/2 a	3 1/2 a	Hudson's Bay	5/-	88/9 1/2	86/3	3 73	1 1/4
56/3	57/6	4 a	8 b	W. H. Smith & Son 'A'	5/-	59/6	59/-	4 07	2	46/6	40/6	12 1/2 a	25 b	25 b	Land Securities	10/-	30/-	30/-	2 00	1
56/6	44/-	9 a	7 b	Bowater Paper	5/-	48/9	48/6	5 67	1 1/2	33/6	28/9	19 a	13 a	13 a	Lon. City. Freehold	10/-	30/-	30/-	4 08	1
54/3	37/6	4 a	8 1/2 b	Albert E. Reed	5/-	47/-	46/6	6 88	1 1/2	65/9	47/6	22 c	23 1/2 a	23 1/2 a	Nuwara Eliya	5/-	9/-	8/9	6 15	1 1/2
18/10 1/2	17/9	4 a	10 b	Spicers	5/-	42/3	42/3	5 74	1 1/4	61/3	5/6	10 a	25 b	25 b	Highlands & Lowlands	5/-	5/9	5/9	15 65	2
68/9	50/6	4 a	10 b	Thomson Org'n.	5/-	18/-	18/3	6 58	2	77/-	77/-	12 1/2 a	37 1/2 b	37 1/2 b	United Ssa Becong					

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shares have put on 1s. 4½d. to 90s. 3d. xd. to yield 3.9 per cent.

News of the World

THE confidence expressed by Sir William Carr, the chairman of the News of the World Organisation, at the last annual general meeting about the immediate prospect was clearly well-founded, and an interim report has now revealed that in the six months to June 30th gross profits rose from £700,000 to just over £900,000. The average weekly circulation of the *News of the World* rose by 280,000 copies in that period and the increase in the price in Sunday newspapers announced in January will have improved margins. It is impossible to assess how much of the increased profit has come from the *News of the World* alone but it appears to be making a better showing than it did in 1960, when the trading profit it earned slumped from £1,040,000 to £570,000. Then higher profits from the group's other interests cushioned the fall in total gross profits, which declined in all by only £50,000 to £1,520,000. These interests accounted for nearly 60 per cent of the profits in the first half of 1961, as the two most recent acquisitions, Vactric Precision Tools and Vactric Control Equipment, made their first contribution to profits, and as a full six months' earnings from Convoys, against only two months' in the corresponding period in 1960, were included.

The interim dividend has been raised from 5 to 5½ per cent and the increase would have been more had it not been for the Chancellor's call for dividend restraint. As Sir William Carr expects profits in the second half of 1961 to be better than those earned in the first six months shareholders can expect a bigger total payment, which is usually made up of two interims and a final. On the basis of the latest increase the minimum total payment would seem to be 27½ per cent, against the 25 per cent paid for 1960. On this assumption the 5s. shares, which have gained 1s. 9d. to 22s. 3d., yield just under 6½ per cent and the non-voting shares, which are 1s. cheaper, yield 6½ per cent.

Tootal

IN 1959-60, following a sharp rise in profits, Tootal raised its ordinary dividend to 10 per cent after four years' payments of 7½ per cent. The group had extended its activities beyond its traditional business in cotton wear for men by acquiring Thermo-Plastics and Vetrone Fabrics, which specialises in glass fabric products. In the year to June 30th it went a stage further by acquiring the Yates Duxbury paper company and after tax and the payment of a bonus to employees, the group's net profits amounted to £340,000. This was £61,000 more than the net profit earned in 1959-60 but it is less than, on the basis of Yates Duxbury's

COMPANY AFFAIRS

earnings in 1959-60, this new subsidiary should have contributed for the nine months it has been owned by Tootal. It is therefore apparent that profits somewhere in the group have actually fallen. Shareholders must wonder where the weakness lies. Tootal's textile and clothing interests should have done well, but fierce competition in plastics and paper has been squeezing margins. Since the results were published the £1 Ordinary shares have lost 1s. 1½d. to stand at a new low point of 27s. 6d., to yield 7½ per cent on the maintained 10 per dividend. Clearly the market has some doubts about the virtues of Tootal's diversification policy.

British Relay and Wireless

WHILE the manufacturers of television sets have suffered heavy losses as a result of the reimposition of hire purchase controls, the rental and the relay side of the television industry has continued to prosper and expand. British Relay and Wireless has, for instance, lived up to the forecast made at the time of the rights issue in February that trading profits in the year to April 30th would show a similar increase to that recorded for 1959-60 by reporting that its profits in 1960-61 rose by just over £1 million to £3,517,000. Almost all this increase has, however, been matched by a rise in depreciation from £1,677,000 to £2,560,000. In addition £200,000 has been put to a special reserve for contingencies in view of changes in set design over the past year and the possibility of further changes following the Pilkington report so that, even though investment allowances left the tax charge at only £1,000, net profits fell from £566,000 to £530,000.

As forecast the ordinary dividend has been maintained at 17 per cent, with the final of 10 per cent being paid on the capital as increased by the one-for-eight rights issue. On the basis of the enlarged capital, earnings as shown in the preliminary report amount to 23½ per cent, to cover the dividend 1.4 times. If, however, the special reserve is added back earnings amount to 32½ per cent, to cover the dividend nearly twice. On the other hand, as investment allowances at £355,000 are equal to about half of net available profits (including the special reserve) earnings before crediting investment allowances would amount to no more than 16½ per cent, which would not fully cover the dividend. This is but one way in which the problems facing the investor in the TV rental and relay shares can be illustrated. It follows that if new business were hard to come by, the depreciation provisions would fall but so too would investment allowances, leaving profits largely dependent upon the volume of business contracted in the past and upon the rate at which the rented and relay equipment had been written off. As a whole, this possibility appears to be assessed more realistically in the current yield of 4 per cent offered by the 5s. shares at 21s. 3d. than it was a year ago when the yield was only 3 per cent.

THE ECONOMIST SEPTEMBER 23, 1961

London Stock Exchange

FIRST DEALINGS:	Sept. 4	Sept. 18	Oct. 2
LAST DEALINGS:	Sept. 15	Sept. 29	Oct. 13
ACCOUNT DAY	Sept. 26	Oct. 10	Oct. 24

THE opening of a new account on Monday brought a revival of buying on the stock market but this was soon halted by the news later in the day of Mr Hammar-skjöld's death. The number of bargains marked fell on Tuesday and on Wednesday was the lowest of any day this year. Share price indices moved slightly lower each day and over the week to Wednesday *The Economist* indicator lost 2.2 points to 361.2. The market was also influenced by two large rights issues announced this week, and by news before the weekend of the drop in steel output and the forecast from Ford Motor of a 15 per cent fall in car output because of the Chancellor's measures. Wall Street was dull after the news from the Congo and this contributed to the uneasy time in London, though the rally in New York on Wednesday helped sentiment on Thursday morning.

Interest in the gilt edged market centred upon medium dated stocks, and both Conversion 3½ per cent 1969 and Conversion 5½ per cent 1974 gained ½ to 8½ and 8½ respectively. Short dated and undated stocks altered little over the week.

Last Thursday bank shares fell back but they later recovered to close the week unchanged or with small gains; but Barclays gained 1s. 9d. to 73s. 6d. Movements among brewery shares were irregular but Courage Barclay gained 1s. 6d. to 60s. after its debenture issue was well received and Truman Hanbury gained 6s. 6d. to 80s. Before the weekend the results from Eastwoods and the interim report from London Brick led to a revival of interest in building shares but they fell back later, leaving London Brick with a net gain of 1s. 3d. to 90s. and Associated Portland with a similar net loss to 72s. 1½d. Chemical shares declined over the week, falling on Wednesday on the news of the Laporte Chemical rights issue; ICI lost 7½d. to 65s. 6d. Stores were mixed; on the rights issue Debenhams fell 2s. 4½d. to 50s. 7½d. but Burton and Marks and Spencer 'A' each gained 1s. 6d. to 84s. 6d. and 101s. 6d. respectively.

Among engineering shares Davy-Ashmore were outstanding, gaining 6s. 9d. to 148s. 6d. in an otherwise firm market. Swan Hunter rose 2s. to 31s. 3d. following news of the reorganisation of its shipyards. Steel shares rose over the week with United Steel gaining 2s. 10½d. to 45s. 4½d., and Colvilles, 2s. 3d. to 55s. 7½d. Insurance shares fell back as did newspaper and textile shares. Among motor shares BMC gained 5½d. to 13s. 8½d. helped by the announcement of new models. Kaffirs were extremely dull with Wednesday's dealings the lowest for many years. Oil shares eased on BP's interim figures. The rumour of a Cunard-P. and O. merger caused rises in some shipping shares, though P & O lost 6d. to 35s. 7½d.

THE ECONOMIST SEPTEMBER 23, 1961

EXCHEQUER RETURNS

For the week ended September 16, 1961, there was an "above-line" deficit (after allowing for sinking funds) of £55,663,000 compared with a deficit of £6,655,000 in the previous week and a deficit of £20,383,000 in the corresponding period of last year. There was a net deficit "below-line" of £12,517,000 leaving a total cumulative deficit to date of £529,322,000 compared with £524,741,000 in 1960-61.

£'000	Estimate 1961-62	April 1, 1960, to Sept. 17, 1960	April 1, 1961, to Sept. 16, 1961	Week ended Sept. 16, 1960	Week ended Sept. 16, 1961
Ordinary Revenue					
Income Tax.....	2,728,500	625,184	731,511	21,040	26,709
Surplus.....	210,000	34,100	40,600	900	1,100
Death Duties.....	240,000	103,600	123,300	4,600	5,400
Stamps.....	94,000	40,900	48,200	1,400	800
Profits tax, EPT and EPL.....	325,500	128,400	156,100	7,100	8,000
Other Inland Rev. Duties.....	...	50	...	...	...
Total Inland Rev.	3,598,000	932,234	1,099,711	35,040	42,009
Customs.....	1,550,000	676,871	738,986	31,627	31,151
Excise.....	960,000	443,940	445,415	4,175	3,845
Total Customs and Excise.....	2,510,000	1,120,811	1,184,401	35,802	34,996
Motor Duties.....	155,000	26,477	30,570	167	2,986
PO (Net Receipts).....	40,000	10,600	11,200	...	...
Broadcast Lic. & Sundry Loans.....	205,000	33,154	117,979	8,624	117
Miscellaneous.....	...	51,078	3,475	...	...
Total.....	6,508,000	2,174,354	2,443,861	83,108	80,108
Ordinary Expenditure					
Debt Interest.....	660,000	324,556	386,191	14,994	43,788
Payments to N. Ireland Exch. PO Fund—Initial settlement.....	92,000	36,648	37,821	...	...
Other Consolidated Funds.....	15,000	...	...	...	...
Supply Services.....	8,000	3,869	4,011	7	13
Total.....	5,961,902	2,469,823	2,699,441	89,101	135,301
Sinking Funds.....	40,000	17,890	18,412	390	470
"Above-line" Surplus or Deficit.....	313,359	273,992	6,383	55,463	55,463
"Below-line" Net Expenditure.....	211,382	255,330	7,254	12,517	12,517
Total Surplus or Deficit.....	524,741	529,322	13,637	68,180	68,180
Net receipts from:					
Tax Reserve Certificates.....	112,651	92,363	—71	—1,737	—
Savings Certificates.....	35,200	—12,100	200	—600	—
Defence Bonds.....	51,687	18,988	1,585	—2,006	—
Premium Savings Bonds.....	27,440	18,900	950	350	—
Total.....	226,978	118,151	2,664	—3,993	—3,993

* 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

	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Dept.	Bank of England	
1960					
Sept. 17	3,530-0	1,968-1	215-9	...	5,714-0
1961					
June 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
" 16	3,240-0	1,905-2	229-5	...	5,374-7

Money and Exchanges

THE MONEY MARKET

WITH the discount houses still short of bills it was not surprising that the syndicate raised its bid by a further 3d. to £98 7s. 1d. at last Friday's Treasury bill tender and the average rate of discount again fell by about 1s. to £6 11s. 10.99d. per cent. Total applications fell by £35 million to £407 million and only £240 million of the £250 million bills on offer were allotted, but the syndicate again secured a satisfactory allotment of 59 per cent against 60 per cent in the previous week.

Houses have had a slightly easier week than for some time past. On Thursday and Friday of last week the rate for day to day money was pegged at 6½ per cent and below; on other days rates up to 6½ per cent have been conceded. The authorities gave a moderate amount of help on Saturday, but on Monday one or two houses were forced to borrow a very small amount at Bank rate. The market was severely tested on Wednesday, which was both the banks' making-up day and the last day for increasing special deposits with the Bank of England to 3 per cent. Calling from the clearing banks was not as heavy as expected but most houses needed all their privilege facilities to balance their books.

MONEY RATES

LONDON			
Bank rate (from 5%, 26/7/61).....	%	Discount rates :	%
	7	Bank bills :	
		60 days.....	6½ ¹⁶ -6 ⁷ ₈
Deposit rates		3 months.....	6½ ¹⁶ -6 ⁷ ₈
(7 days' notice) :		4 months.....	6½ ¹⁶ -6 ⁷ ₈
Banks.....	5	6 months.....	6½ ¹⁶ -7
Discount houses.....	5-5 ¹⁴ ₄	Fine trade bills :	
Local Authorities.....	7 ³ ₈	3 months.....	7½-8½
Money :		4 months.....	7½-8½
Day-to-Day.....	5½-6½	6 months.....	8-9
NEW YORK			
Official Discount rate :	%	Treasury bills :	%
(from 3½/2, 11/8/60)	3	Sept. 11.....	2-328
		" 18.....	2-262

Manpower and Output

Labour figures relate to Great Britain and production figures to United Kingdom unless otherwise stated.
M = Monthly averages or calendar months.
W = Weekly averages.

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

BRITISH			
prices and Wages.....	Sept. 9th	External Trade	Sept. 2nd
Manpower and Output....	This week	Industrial Profits	July 15th
OVERSEAS			
Western Europe.....	Aug. 12th	United States.....	Aug. 26th

Unit	Mid-year or averages			1960			1961		
	1958	1959	1960	June	July	August	April	May	June
TOTAL MANPOWER									
Working population:									
Total.....	24,070	24,145	24,436	24,436	24,513	24,597	24,547	24,560	24,590
Men.....	16,160	16,137	16,239	16,239	16,283	16,303	16,285	16,284	16,283
Women.....	7,910	8,008	8,197	8,197	8,230	8,294	8,262	8,276	8,307
Armed Forces.....	614	565	518	518	516	513	479	478	474
Civil employment:									
Total.....	23,080	23,197	23,628	23,628	23,698	23,771	23,768	23,811	23,865
Manufacturing industries (1).....	8,477	8,477	8,811	8,811	8,825	8,912	8,916	8,913	8,917
Manufacturing industries (old basis) (1).....	9,147	9,169	...	...	...	...	...	...	...
Employees (1):									
in engineering (2).....	3,545	3,740	3,740	3,740	3,730	3,759	3,797	3,801	3,799
in consumer goods industries (3).....	3,102	3,154	3,154	3,154	3,191	3,213	3,168	3,163	3,170
UNEMPLOYMENT									
By duration:									
All durations—total.....	457.4	475.2	360.4	305.1	292.0	321.4	340.1	299.3	265.9
Temporary or under 2 weeks.....	141.0	120.8	89.8	66.2	72.5	81.1	92.2	77.2	67.8
Over 8 weeks.....	197.7	243.4	187.6	172.1	163.2	159.6	171.8	158.2	140.1
By regions (4):									
Great Britain.....	2.1	2.2	1.6	1.4	1.3	1.4	1.5	1.3	1.2
London and South Eastern.....	1.3	1.3	0.9	0.8	0.7	0.8	1.0	0.9	0.8
Eastern.....	1.7	1.5	1.3	0.9	0.9	1.0	1.2	0.9	0.8
Southern (5).....	1.6	2.2	1.7	1.3	1.2	1.3	1.4	1.2	1.1
South Western (5).....	1.6	1.5	1.0	0.7	0.6	1.0	1.3	0.9	0.8
Midland.....	1.6	1.5	1.1	0.9	0.8	1.0	1.0	0.8	0.7
North Midland.....	1.9	1.9	1.2	1.0	0.9	1.1	1.0	0.9	0.8
East and West Ridings.....	2.7	2.8	1.9	1.8	1.7	1.8	1.7	1.5	1.4
North Western.....	2.4	3.3	2.8	2.5	2.3	2.5	2.4	2.3	2.0
Northern.....	3.8	4.4	3.6	3.2	3.2	3.1	3.2	3.0	2.8
Scotland.....	3.8	3.8	2.7	2.3	2.1	2.5	2.5	2.2	2.1
Wales.....	3.8	3.8	2.7	2.3	2.1	2.5	2.5	2.2	2.1
VACANCIES									
Unfilled vacancies notified to Employment Exchanges: Total.....	198	224	314	361	380	357	337	354	383
INDUSTRIAL PRODUCTION									
Index:									
All industries.....	106	113	120	119	109	104	124	122	127
Seasonally adjusted.....	94	92	89	88	73	72	88	87	91
Mining and quarrying.....	105	111	118	117	107	109	133	127	121
Construction.....	119	123	133	133	111	107	133	127	121
Gas, electricity and water.....	107	114	123	123	112	105	126	125	130
Manufacturing, total.....	107	114	123	123	112	105	126	125	130
Seasonally adjusted.....	111	118	127	127	117	104	133	131	147
Engineering and electrical goods.....	109	101	92	93	89	89	94	93	92
Shipbuilding.....	118	131	139	144	126	112	142	145	146
Vehicles.....	115	131	145	144	137	135	150	150	...
Chemical trades.....	91	98	102	96	92	83	103	99	101
Textiles, leather and clothing.....	91	98	102	96	92	83	103	99	101
BASIC MATERIALS									
Production of:									
Coal (7) (9).....	4,150	3,963	3,725	3,628	2,978	2,951	3,679	3,630	3,792
Pig iron.....	245	242	303	295	289	291	308	300	297
Steel, ingots and castings.....	369	388	467	466	391	423	472	466	448
Sulphuric acid.....	186.8	202.3	225.1	217.0	225.2	215.1	218.8	224.5	221.7
Newsprint.....	11.81	12.87	14.25	15.59	10.86	12.65	14.34	14.04	14.74
Electricity (7) (11).....	8,208	8,764	9,904	7,782	7,770	7,992	9,835	9,697	8,812
MANUFACTURING									
Textile production:									
Cotton yarn, single.....	14.77	14.58	14.44	13.25	12.35	12.70	14.33	14.34	12.08
Worsted yarn.....	17.18	19.34	20.40	19.29	17.55	16.26	19.20	21.14	22.40
Rayon and synthetic fibres.....	35.2	42.9	49.3	48.3	46.7	43.2	42.2	46.3	49.3
Cotton cloth, woven.....	27.0	24.9	24.9	24.9	15.7	24.3	25.7	25.3	25.7
Wool fabrics, woven (4).....	29.1	30.4	30.6	29.5	29.3	24.5	24.6	29.4	32.8
Engineering production:									
Passenger cars and chassis.....	19.84	22.88	26.01	29.62	23.51	21.45	19.35	22.58	23.19
Commercial vehicles and chassis.....	5.90	7.13	8.81	9.68	6.96	7.23	9.41	9.70	9.61
Internal combustion engines.....	378	468	577	592	510	507	599	618	...
Metal-working machine tools.....	6,993	6,564	7,911	7,520	8,532	6,794	9,358	9,670	10,878
BUILDING ACTIVITY (10)									
Permanent houses completed:									
Total.....	20.13	20.78	22.44	24.31	22.41	22.22	21.12	22.78	24.38
For local housing authorities.....	9.43	8.29	8.60	9.44	8.36	7.71	7.14	7.72	8.39

(1) Current statistics of employment by industry, based on the 1958 Standard Industrial Classification, go back only to May, 1959. Manufacturing employment for earlier dates is shown on the old basis (1948 SIC). (2) Engineering and electrical goods, shipbuilding and marine engineering, vehicles, metal goods. (3) Textiles, leather goods, clothing, food, drink and tobacco, timber, furniture, paper, printing and publishing. (4) Number registered as unemployed expressed as a percentage of the estimated number of employees. (5) Dorset (excluding Poole) was transferred from the Southern to the South Western Region on May 12, 1958. (6) Deliveries. (7) Great Britain. (8) Excluding all screening losses normally amounting to around 5,000 tons a week. (9) Average for second quarter. (10) England and Wales. (11) Generation for public supply. (12) Average for third quarter. (13) September, 317.1. (14) September, 1.4. (15) September, 328.

APPOINTMENTS

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.

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Please send particulars of experience and qualifications, together with a passport type photograph, to Box 1541.

(For other appointments see page 1202)

CIVIL SERVICE COMMISSION, DUBLIN

VACANCIES FOR UNIVERSITY GRADUATES AND OTHERS

A competition for 8 posts as ADMINISTRATIVE OFFICER will begin on 31st October, 1961. The competition is open to men and women who on 1st November, 1961, were 20 years and under 26 years and

(a) who hold a FIRST OR SECOND CLASS HONOURS UNIVERSITY DEGREE, or an equivalent qualification, or

(b) who are established Civil Servants with certain service. Pay: £780 rising to £1,100 (woman or unmarried man) or £1,360 (married man). Plus children's allowances.

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Tests: Essay, Précis and Interview. Qualifying test in Irish.

Intending candidates should write to Civil Service Commission, 45, Upper O'Connell Street, Dublin, 1. The latest time for the acceptance of completed application forms is 5.0 p.m. on 13th October, 1961.

Further competitions will be held in the Autumn of 1962 and 1963. It is hoped to offer not less than 4 posts on each occasion. Details will be announced in due course.

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INDUSTRIAL RELATIONS

OVERSEAS APPOINTMENT—MAURITIUS

Applications are invited for the post of Executive Officer to the Mauritius Employers' Federation for one tour of two years. Sound knowledge of labour relations, with particular knowledge of overseas conditions, essential, preferably in a plantation industry. It will be an advantage if the candidate has had practical experience in negotiations, and is fluent in the French language. Salary £2,500 per annum, plus two free air passages to and from Mauritius, free house, car and travelling expenses. Only applicants with appropriate qualifications will be considered. Applications (in duplicate) giving full particulars of age, education, qualifications and experience, especially overseas, present salary, married or single, should be addressed to the Mauritius Employers' Federation, c/o the Director, Overseas Employers' Federation, 58, Cliffrids Inn, Fetter Lane, London, E.C.4. Closing date for applications, 21st October, 1961.

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CENTRAL OFFICE OF INFORMATION requires a SENIOR INFORMATION OFFICER (unestablished) to write reference information papers on international affairs and, on occasion, to supervise the work of others similarly engaged. Qualifications required are an honours degree (preferably in history), research experience and the ability to present factual information concisely and accurately. Applicants should be prepared to supply examples of written work if required. Salary £1,573-£1,937. Write, giving age, full details of experience and qualifications, to Manager (PE 3030), Ministry of Labour, Professional and Executive Register, Atlantic House, Farringdon Street, London, E.C.4.

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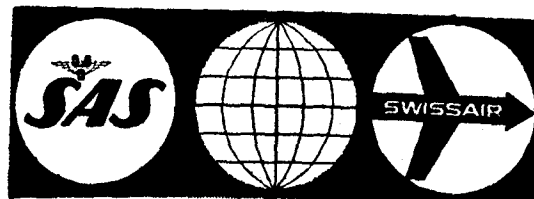
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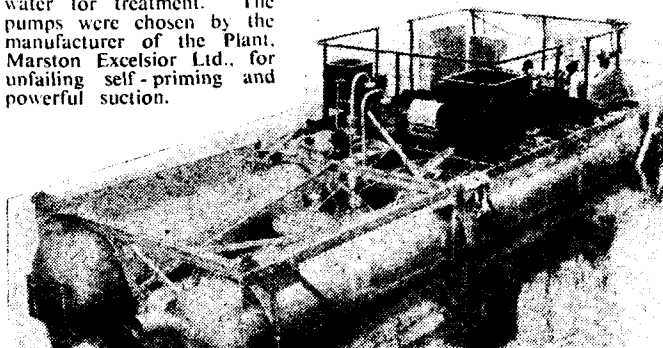
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GROWTH OF A NATION: In a series...No. 6

STEEL WOOL

reaches the hands of
the Japanese

"OKU-SAN"



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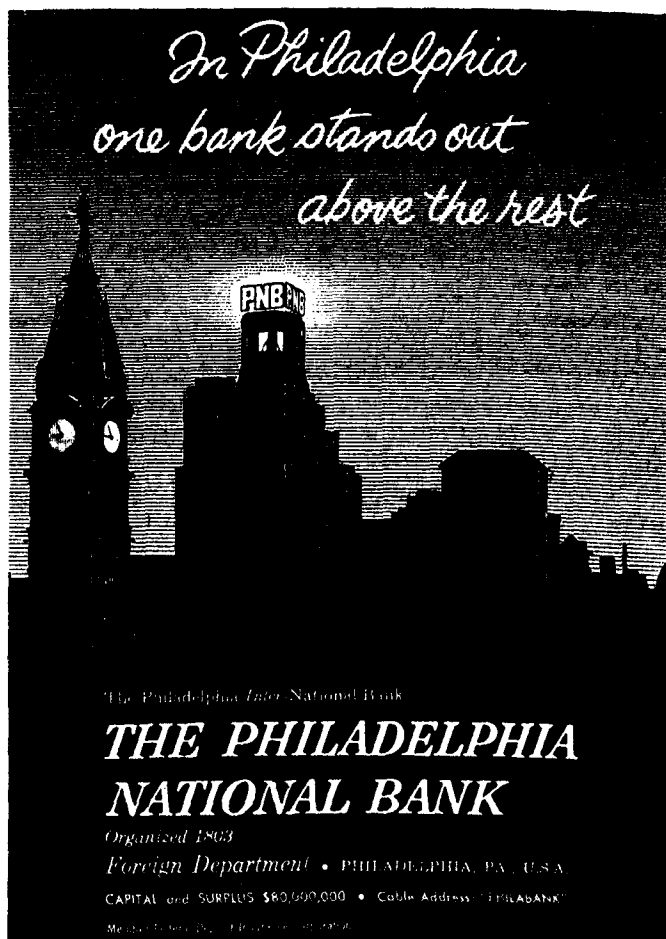
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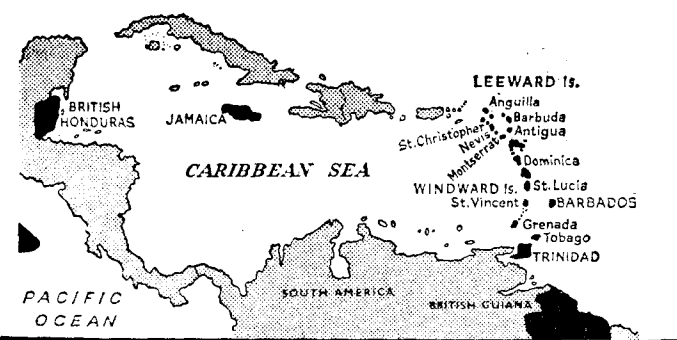
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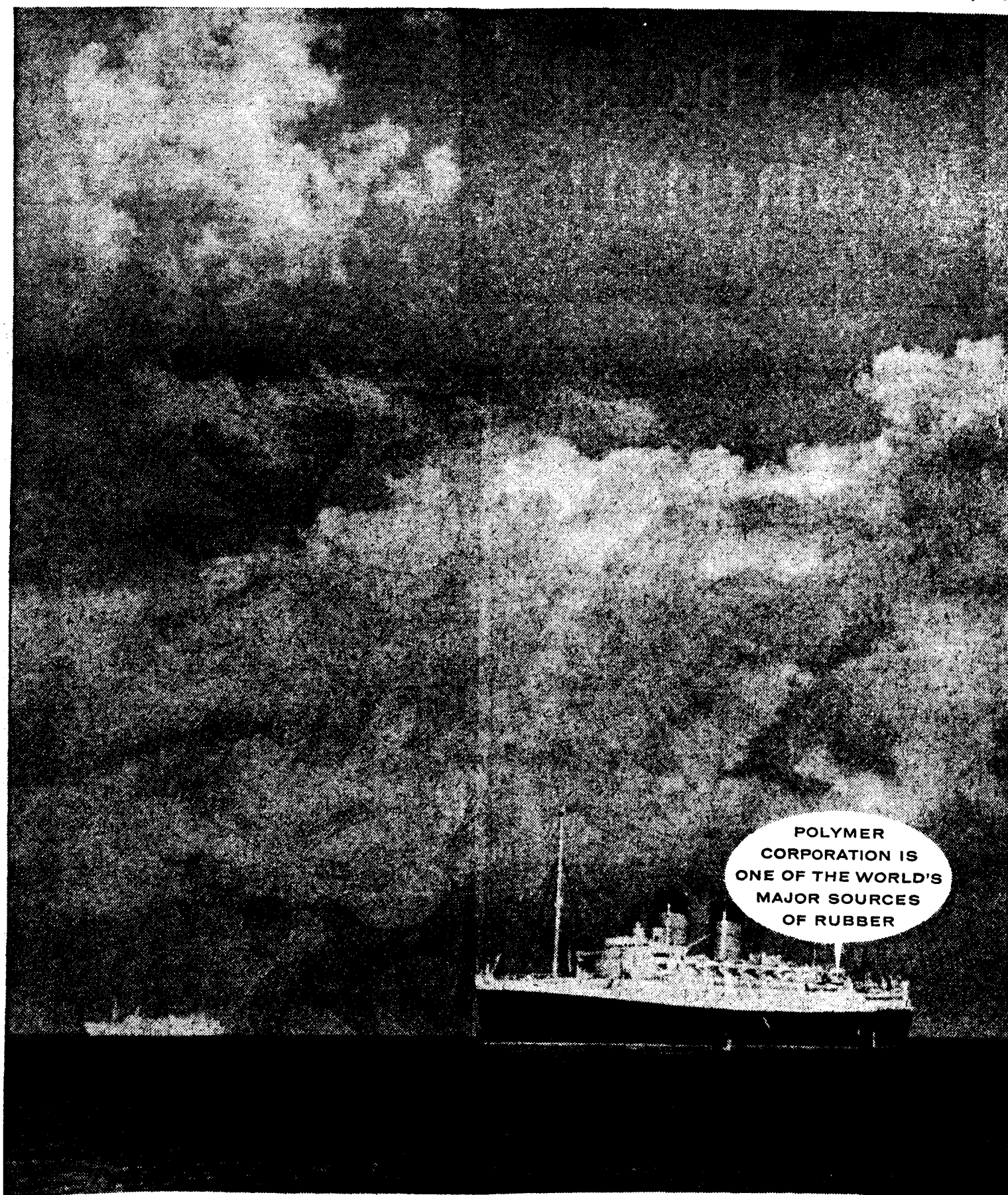
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In The Economist this Week

September 30, 1961

INTERNATIONAL

LOOKS AT REALITY

The Berlin crisis and General Clay's bluntness have stimulated a far-reaching reappraisal by the Germans of their future between East and West (p. 1230) which is causing them to think again about the most expedient way of reuniting Germany—which the West, in its reappraisal, must still pursue (p. 1229).

The national anxiety may help Dr Adenauer to remain in office (p. 1265).

Mr Kennedy's speech at the United Nations on the present deadly perils of international anarchy was addressed not only to the Russians and the uncommitted countries, but also to the Republicans, who have been contending that his foreign policy has seemed weak (p. 1249). A look at his disarmament proposals shows them to be the most rational of their kind yet produced (p. 1231); and a look at Russian and neutralist attitudes after his speech suggests that prospects, on Berlin, disarmament, and the UN, may not yet be utterly black (p. 1265).

Meanwhile Russia, after an otherwise realistic evaluation of the state of its economy, has backed itself to outdo the United States in this field by the end of the decade (p. 1268).

OUTLOOK FOR TALKS

World Credit: agreement *en principe* is well short of total agreement, and the outcome of the International Monetary Fund's congress of Vienna is dangerously inconclusive (p. 1275).

General de Gaulle's renewed efforts to negotiate successfully with the Algerian nationalists are expected to cause another storm at home before long (p. 1236) and the long-term prospects for Algeria are as uncertain as were those for Palestine in 1947-48 (p. 1271).

HOME

POW-WOW

The Labour Party's conference decisions at Blackpool, thanks to Mr Gaitskell's work over the past year, may be all but irrelevant to his and the party's real problems (p. 1234).

The Liberal Party looked more balanced than of yore at Edinburgh: but being right—and going Left—is not enough (p. 1244).

At Brighton, the Conservatives at their conference will have to contend with a strong contingent of hangers, floggers and keep-out-the-woggers (p. 1236).

POTENTIAL

Sales of electricity continue to outrun the forecasts; but this can reduce the industry's operating surplus; and to invest more and catch up with demand, larger surpluses are needed (p. 1277).

The English north-east holds splendid promise both socially and industrially: it is hardly beginning to be realised (p. 1245).

The Common Market: The Six and Britain have at last announced their betrothal; but haggings over the degree of love in this *mariage de convenance* still make the date of the wedding uncertain (p. 1233).

A LOOK AT AFRICA

Leopoldville, Elisabethville and Stanleyville remain at odds, but there is a ray of hope (p. 1266).

Britain has yet to remedy its recent maladroitness over Katanga (p. 1236). Belgium is trying to avoid another Congo in Ruanda-Urundi (p. 1242).

Ghana has, naturally perhaps, an inferiority complex (p. 1237).

South Africa is standing up to the rigours of a "siege economy" better than was expected (p. 1287).

MIDDLE EASTERN OUTLOOK

The major oil companies are not accepting Iraq's demand for a share in the ownership of existing oil operations (p. 1278). General Qasim has also got a Kurdish revolt, or its aftermath, to preoccupy him (p. 1238).

As a result of this week's officers' revolt in Syria, it is perhaps necessary, and may remain so, to speak of the Disunited Arab Republic (p. 1235).

A LOOK AT AMERICA

The achievements of television in American schools are well worth a close look by European educational authorities (p. 1252).

Passage of the appropriations for foreign aid has at last allowed Congress to go home (p. 1250) while the report of the Civil Rights Commission on segregation in the schools will probably provoke a storm in the next congressional session (p. 1252).

Economic recovery has not yet made itself felt in increased sales of consumer goods (p. 1250).

PARLEY

An apparent—and dangerous—misunderstanding of what is meant by "free negotiation" among trade unionists may be more than a little disingenuous (p. 1232).

So far no amount of talk has eased the disputes at Fords and in the building industry: and the tea breaks over which they have arisen are more expensive to the nation than may be thought (p. 1237).

PERIL

The recent spate of air fatalities highlights the low compensation that airlines are prepared to pay to the victims' dependants (p. 1288).

The sharp increase in the rate of industrial accidents might be lowered by tough measures from the Government (p. 1238).

PLUNGE

Britain's TV advertisers are poised for entry into the common market, armed with statistics and audience ratings (p. 1292).

On November 8th Wales will resolve the biggest issue there since Glendower's rebellion—the opening of pubs on Sundays (p. 1238).

Detailed contents on page 1229

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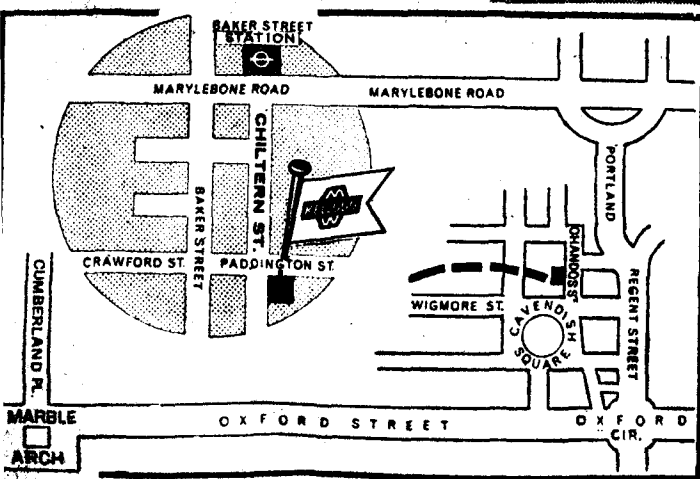


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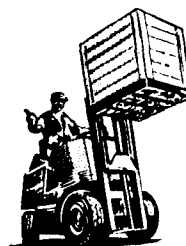
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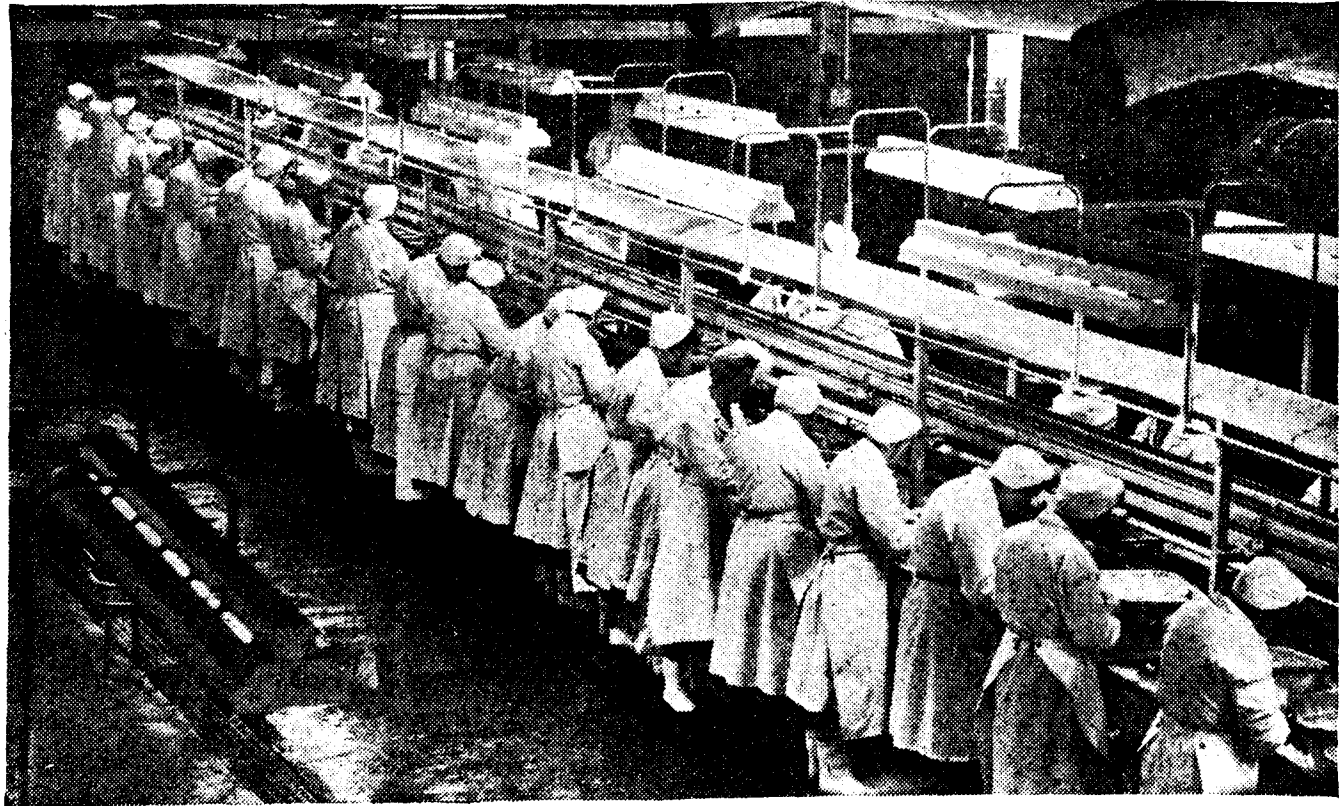
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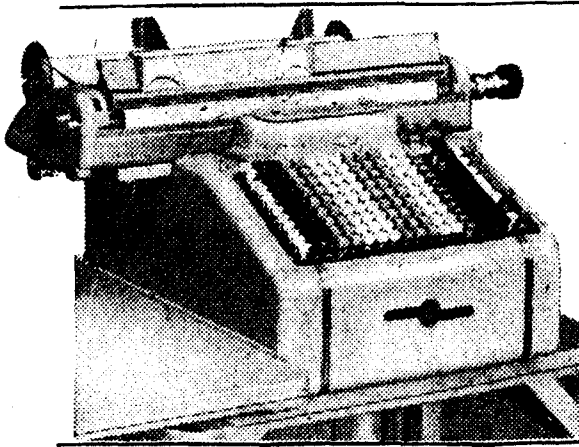




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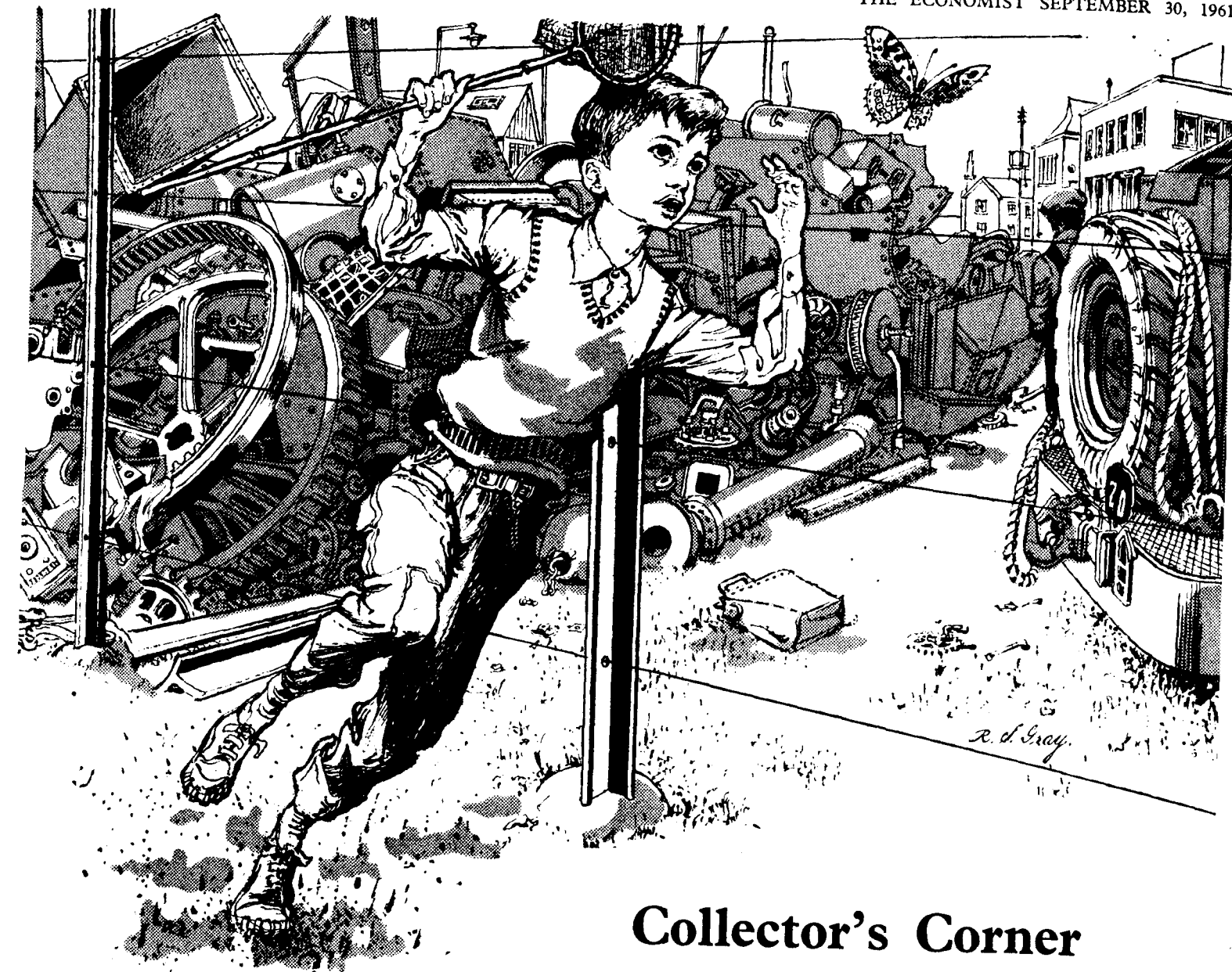
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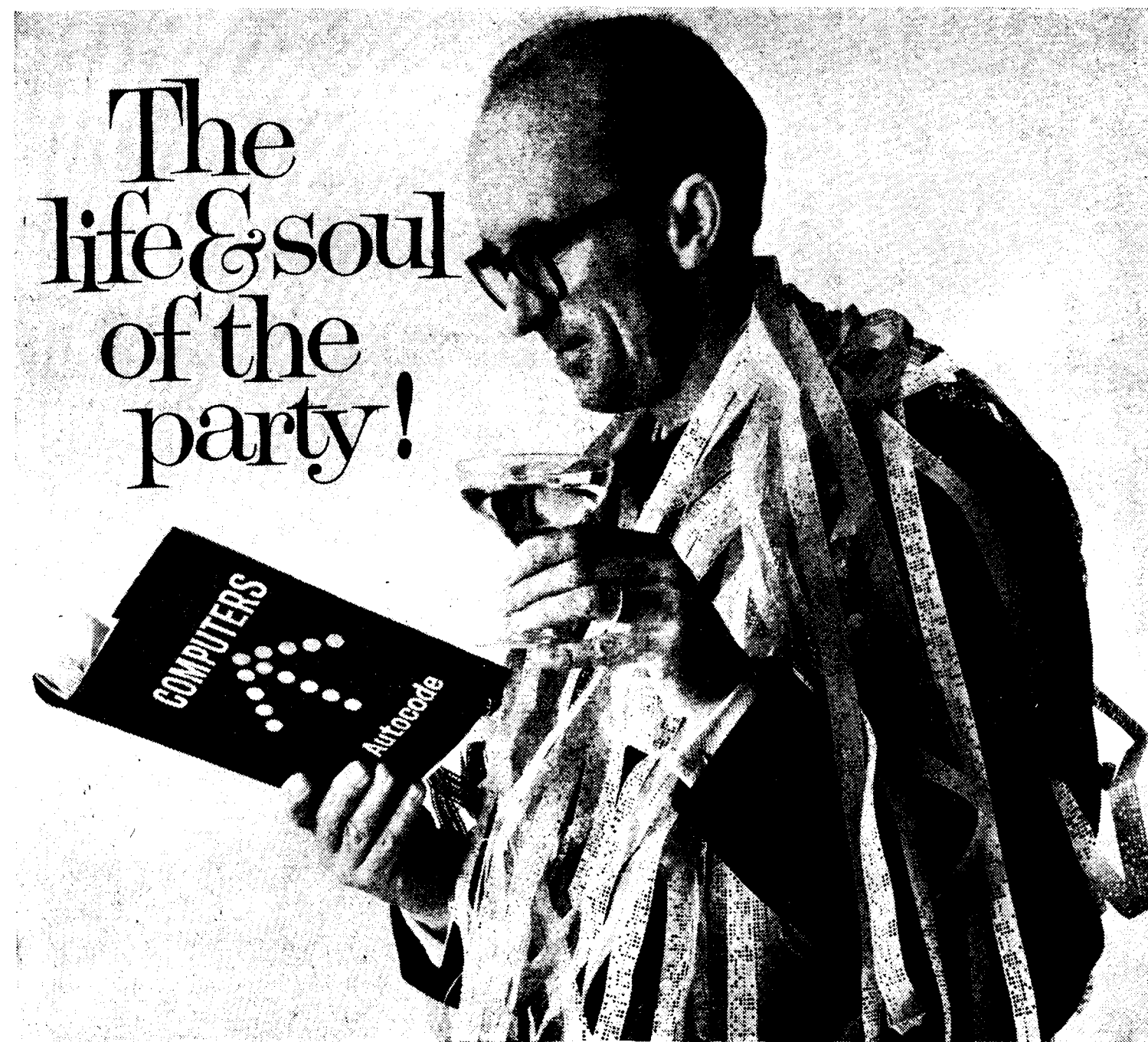
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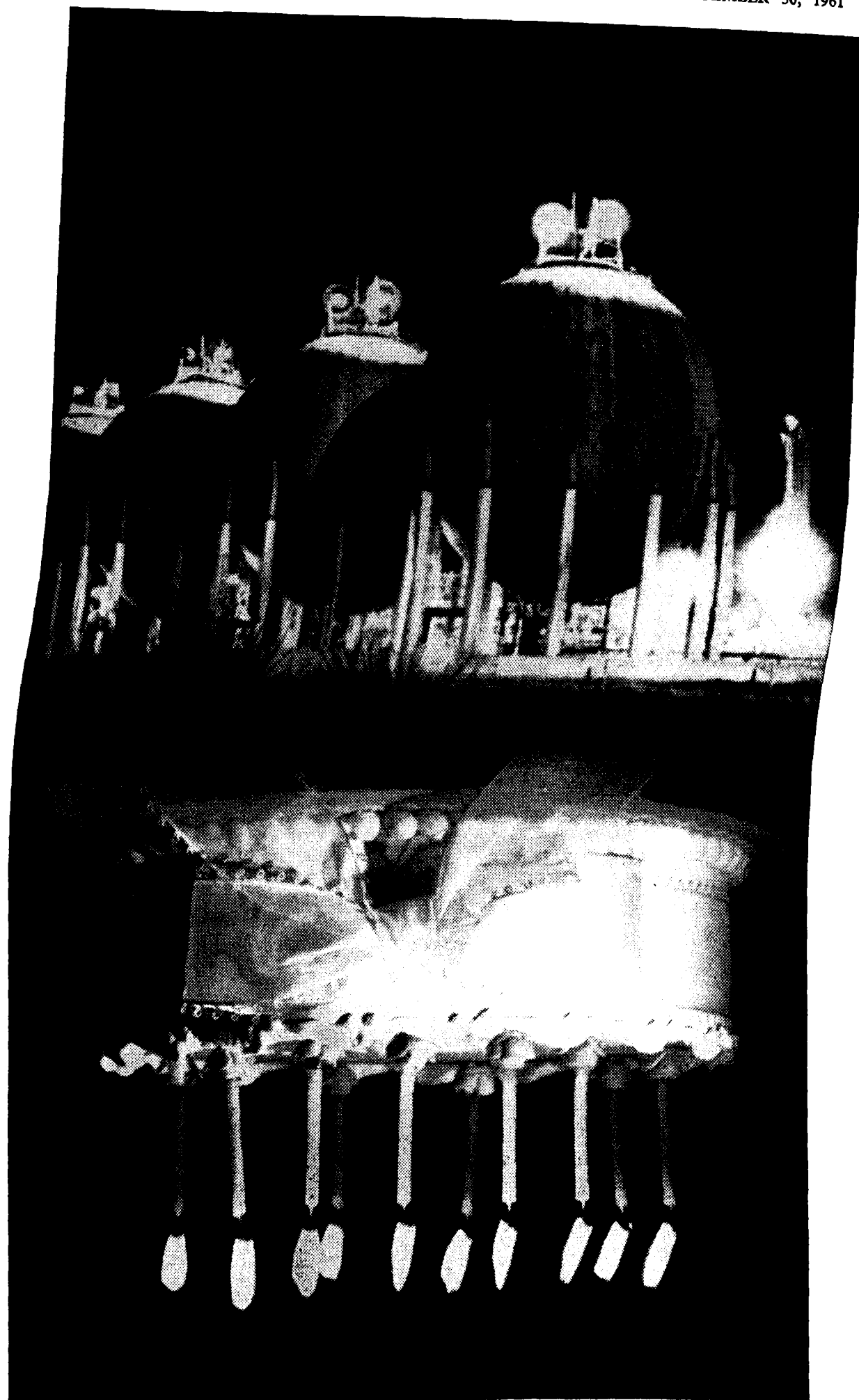
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The Economist

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VOLUME CC - NUMBER 6162



To One
via Two

THREE words at a cocktail party have turned General Lucius Clay from probably the most popular American in Germany into quite possibly the most unpopular. Talking to a group of journalists in Berlin on September 22nd, General Clay suggested that the west Germans ought "to accept reality" in their attitude towards east Germany. No one, it might be thought, is better qualified to make this suggestion without being misunderstood than the man who faithfully defended Berlin against the Russian blockade thirteen years ago. Yet General Clay is already being told that his proposal amounts to capitulating to the Russians. Herr Lemmer, the minister of all-German affairs in Dr Adenauer's government, said on Monday that any recognition of east Germany would be a decisive surrender to the Russians; other German comments, unofficial but even more vehement, are reported by our Bonn correspondent on page 1265.

Plainly, the search for a peaceful solution of the Berlin crisis has reached a fork in the road. If the policy General Clay was urging is rejected—that is, if the West cannot bring itself to offer some accommodation on east Germany in return for a real guarantee of Berlin's freedom—the chances of negotiating a settlement with Mr Khrushchev will sharply diminish. If such a policy is to be accepted, on the other hand, many people have first to be convinced that it is right. These are not all Germans; there are sceptics in Washington, too, not least perhaps among the advisers President Kennedy has inherited from Mr Truman's Administration.

It is not even certain that the ideas General Clay expressed will become official American policy. Senator Mansfield, the President's party leader in the Senate, said last Sunday that some acknowledgment of east Germany's existence might be inevitable, and on Monday the President himself told the United Nations that he was committed to "no rigid formula" on Berlin; the phrase is vague, but it suggests that he might be willing to let the east Germans join in a new agreement guaranteeing the city's independence. The most that can be assumed, however, is that Mr Kennedy is ready to offer some kind of recognition to east Germany provided the western alliance can stand the strain this puts upon it. Presumably he is now trying to judge, from the reactions to General Clay's remark, whether the strain is bearable.

This strain, it is clear, may well be considerable. The argument against recognising east Germany in any way—which is most ably set out by Mr Sebastian Haffner in the current issue of *Encounter*—cannot be dismissed out of hand. To recognise Herr Ulbricht's regime, say those who oppose such a move, would be to violate the promise the allies made to west Germany when they enrolled it in Nato in 1954. The resulting disillusionment of the west Germans would be so great that they might well break away from Nato and seek an alliance with Russia as the only way left to them of reunifying their country.

But there are two reasons for thinking that this argument stretches the evidence; that the strain caused by some expedient accommodation with the puppet regime in east Germany will not, in fact, be intolerable. The first reason is that no one is suggesting the abandonment of the attempt to reunify Germany. The proposal now under consideration is merely to abandon one method of trying to achieve unification, which has proved totally ineffective, in favour of another that might be more effective in the long run. The basic promise the allies made to west Germany in 1954 is contained in Article 7 of the main convention signed

in Paris that year. In this, the western powers undertook to seek a "reunified Germany enjoying a liberal-democratic constitution like that of the federal republic." Until now, the pursuit of this end has consisted of a sustained effort to bring about the collapse of communist east Germany by denying it recognition and by encouraging unrest among its population. How completely this effort has failed can be judged from the remoteness of the prospect that unity is going to be achieved in this way, now or ever. At no time since 1954 has east Germany looked like tumbling into the West's lap; the last real hope that it would do so was removed by the measures Herr Ulbricht took on August 13th to stop the flow of refugees through Berlin.

THERE is no cause to believe that a policy which has been barren for seven years will suddenly bear fruit now. A dragging crisis over access to Berlin, which is inevitable if Mr Khrushchev hands over supervision of the access routes to Herr Ulbricht and the allies refuse to recognise Herr Ulbricht's competence to accept it, will simply stiffen attitudes on both sides of the Elbe. The one remaining hope of reuniting Germany lies in a policy that seeks to diminish the hostility between the two parts of Germany, not increase it. Such a policy must necessarily begin with an acceptance of the fact that, however distasteful it may be, the east German state exists. Only when the two halves of the country start to feel at ease with each other will there be a chance of a more liberal regime in east Germany, and hence of a gradual growing together of the two fractions. This path to togetherness is undoubtedly long, and it, too, may run into the sand, but it is the only one left. As often, the truth may lie in an apparent paradox: the best way of proving that Germany is ultimately indivisible is to acknowledge the fact that it is now divided.

In the second place, it is most unlikely that the west Germans would react to a change of this kind (which is a change of method, not of objective) as violently as the pessimists assume. In 1954, after a long inward debate, Federal Germany made a fundamental decision. It chose to link itself to the West, rather than seek reunification on Russian terms, even though this meant prolonging the division of the country. Nothing has happened since then to make this decision worth reversing. The practical advantages of the link with the West (and the link itself) have grown visibly stronger in the last seven years. West Germany has become almost inextricably entwined with its western neighbours, through a process of economic and political integration, and is profiting greatly from the fact; the Germans have regained an army, and consequently a voice of authority in the world; and they have had time to reflect, as they gaze into eastern Europe, on the dangers of subservience to the Soviet Union. The decision of 1954 was made just as much for Germany's benefit as for Nato's. The benefit remains, and therefore the decision should remain, the same. It is hard to believe that German businessmen and politicians will abandon these benefits for the sake of a perilous commitment to Russia, undertaken in a fit of pique.

There is only one real difference between 1954 and now. Then, the federal republic tried to combine its basic decision to join the West with an approach to reunification which some people said at the time was incompatible with the basic decision—and has indeed turned out to be so. This incompatibility could be ignored at the time, since the West was

still militarily superior to the communists. Now, however, it can be ignored no longer. The communists have acquired nuclear equality; the hope that they could be browbeaten into letting eastern Germany slide into the western orbit, remote when Russia was relatively weak, has disappeared altogether now that Russia is relatively strong. And the communists can rub home the point because Berlin, deep inside the territory they control, is a hostage to the West's willingness to recognise the existing balance of power in central Europe.

On the evidence, there can only be one solution to the problem. It is neither to destroy the present balance of power, by detaching west Germany from the West, nor to give up the objective of reunifying Germany; but to seek reunification by means that take the present facts of life in middle Europe into account. If this means recognising east Germany in some way, one consequence would be to improve the chances of getting an agreement on Berlin's future, as well as lessening the risk of war; but the results might go deeper. Just possibly, the tangle of nerves, hostility and suspicion in the area might begin to be unwoven—and thus the conditions created in which Germany may, one day, be peacefully united again.



Two Minds in One

The west Germans re-examine their future

FEDERAL Germany's agonised reappraisal of its eastern policy did not begin with what General Clay said in Berlin a week ago. It has been going on ever since Herr Ulbricht sealed off east Berlin on August 13th. The Berlin coup, it is true, was not by itself responsible for the electoral shift that has put an end to Dr Adenauer's parliamentary majority and brought German politics back to life. There was already a widespread desire for a change at the helm. All the same, the events of August 13th were a catalyst. The mood of prosperous euphoria which had persisted until then was pricked like a balloon. There followed an earnest and worried examination of Germany's future which could prove a turning point in the country's post-war history.

Outsiders may find it hard to understand the depth of this response to the events of the last six weeks. Herr Ulbricht, after all, did no more when he wired off the Russian sector of Berlin than Stalin had done when he wired off the Russian zone of Germany. But it would be a vast mistake to minimise the impact of his action on the German people. Despite the fact that the prospect of national reunion has steadily receded through the years, a multitude of ties, and the intangible sense of nationhood, still make the desire for unity a compelling factor in German life. The open door in Berlin was precious because it was the last remaining breach in the wall between the two parts of Germany. Its slamming awoke a sense of national emergency.

As with any Russian attack, one reaction to this was (and is) an enhanced demand for a strong western-oriented govern-

ment. But Herr Ulbricht's barricades not only scarred the map of Berlin. They also exploded the comfortable myth of the Adenauer era: that firm loyalty to the western cause, and that alone, would bring not only the gingerbread of material prosperity but also the gilt of reunification on western terms. The one apparent result of this month's election is to show that Dr Adenauer's policy—of sticking to the West to the exclusion of all else—has lost ground. But Dr Adenauer's loss may be the gain of either of two widely different points of view. It could swell a revival of nationalist feeling, or it could encourage the Germans, in General Clay's words, "to accept reality" in central Europe: which, it is too early yet to say with certainty.

SOME Germans, at any rate, have responded by asking whether progress towards the goal of national unity does not demand acceptance of the changes in eastern Europe during the past fifteen years. Those Free Democrats who have been stoutly belabouring the failings of past policies, and modestly advocating such things as better relations with Poland, have undoubtedly gained from this new questioning. If Dr Erhard were to become Chancellor, all the indications are that he would reflect a similar current of feeling in the Christian Democratic ranks. This kind of readiness to show flexibility towards the East by no means implies worse relations with the West, still less a nationalist plunge away from Germany's present loyalties.

But other currents of feeling can also be discerned. From his Berlin outpost, where the shock was greatest, Herr Brandt has already warned the West of the danger of a nationalist revival. As yet, the feeling is no more than latent, but the ingredients of a new nationalism can be seen. Anyone present at the great gathering outside the Berlin Senate House on August 17th, when Herr Brandt gave the warning against another Munich that so disquieted some western commentators, knows that he was trying not to whip up feeling, but to calm his audience; he was attempting to guide their impulse for action into modest and practicable channels, to reason with their mounting irritation against the western allies, and to lead them in spirit (as the authorities had done in practice) away from the barricades to a calm discussion of Berlin's problems. But the instincts Herr Brandt was then seeking to control could take disturbing forms.

It is thus a troubled patient that may now be asked to swallow a further dose of unpleasant medicine: that is, a recognition by the West of the Oder-Neisse line and, in some form, of the east German regime too. This medicine would be even more unpalatable to some Germans than the dose administered by Herr Ulbricht; to them it would be giving away all-Germany in order to preserve, precariously, the free half of Berlin. The Oder-Neisse frontier, it is true, is increasingly accepted in private by Germans of all parties, despite their public claims to the 1937 frontiers. But the idea of recognising the east German state in any way still sticks painfully in their throats. To most Germans, self-determination for the east Germans is synonymous with national unity, and any recognition of Herr Ulbricht's hated regime is tantamount to acquiescence in division. The fact that the policy of boycotting east Germany has in practice brought unity not a whit nearer has made little impression.

Here then is food for some Germans' resentment against

the West, for the irritated desire to "go it alone"—in short, for a revival of nationalism. What is still lacking is any kind of practicable nationalist alternative to the policy of building up Germany's links with the West, while remaining open to the possibility of negotiating with the East about reunification. Those Germans who feel most indignant about recognising the existence of Herr Ulbricht's "concentration camp" are hardly likely to apply to join it. Chastened by the bitter experience of defeat, strengthened by its present prosperity, the Federal Republic has acquired a remarkable political sobriety, for which the West should be grateful. The unhysterical electorate which has now eliminated not only the neo-nazis but even the mildly nationalist All-German party from the Bundestag is far removed from the unhappy people that brought nationalism to power in Germany thirty years ago.

If there is a danger of a nationalist revival, it lies not in the threat of an immediate outburst but in the sowing of seeds now which might ripen later if things went badly. Suppose that Russian policy, instead of thrusting Germany into the arms of the West, made a systematic effort to detach it; suppose, too, that the economic climate took a turn for the worse. With bustling characters like Herr Strauss elbowing their way forward, it would be a brave man who predicted that leaders more alert to nationalist ambitions will not one day take charge of Germany. What west Germany has achieved so far, for itself and, no less, for the West, inspires confidence. But its place in the cockpit of the East-West struggle places strains on a twelve-year-old nation that are inconceivable in Britain.

In short, it would be a dangerous mistake to assume that the division of Germany offers any neat solution of the German question. The desire for national unity remains; it is a force that could still emerge to trouble the world after decades of frustration, as it did after the far longer hiatus following the Thirty Years' War. The steady pursuit of German unity within the legitimate limits of the present frontiers must therefore remain a basic western objective—both for the sake of a more durable peace and, in fulfilment of a pledge, as a precondition of trust between Germany and the West.

Planned Peacekeeping

A moment when the perils of armed anarchy are starkly clear may offer a chance to start moving toward a disarmed—and ordered—world

WE must create even as we destroy"; that is the nub of the programme for more-than-disarmament which the United States published on Monday, while Mr Kennedy was presenting its outlines in his speech to the General Assembly of the United Nations (which is reviewed by our Washington correspondent on page 1249). America has here "caught up with and surpassed" Russia. "General and complete disarmament" is not only accepted, but shown to be insufficient, by itself, to escape from Armageddon. The argument is put more frankly than any government has yet put it. Nations will not disarm, and stay disarmed, unless they can be sure of international protection. "There is an inseparable relationship between the scaling down of

national armaments . . . and the building up of international peace-keeping machinery."

President Kennedy showed himself aware that he was liable to be accused of insincerity or unreality, or both, if he made such sweeping proposals while the powers were girding themselves for a trial of nerve, if not of strength, over Berlin; while the September sky grew heavy with Soviet strontium-90; while the ninety UN members who mourned the death of Mr Hammarskjöld wondered whether the nine non-mourners could succeed in paralysing the organisation's present limited capacity to protect the peace. The President met the challenge head-on: "While we are compelled against our will to rearm, we look confidently beyond Berlin to the kind of disarmed world we all prefer." Advance may, indeed, require alarm. The best chance of moving toward a peaceful world may come at a moment when the perils of armed anarchy are plainest.

BUT the new American programme should not be seen as the product of an atmosphere of fear and urgency. It is perhaps the most rational document of its kind yet produced; and it deserves rational appreciation. Much of the fluff that marred earlier western disarmament proposals is here eliminated; none of the cheap tricks that give Soviet proposals too much of their appeal has crept in. There is equal stress on all the vital elements: on completeness; on immediate action, wherever practicable, without waiting for completeness; on balance, both between nuclear and conventional disarmament, and between the differing interests of the nations; on effective inspection and verification; and on the development of the peace-keeping capacity of the United Nations—

Freely Negotiated?

There is a lamentable misunderstanding of what "collective bargaining" means in a free society

Two common complaints during the battle of the wages pause are going to be that the Government has "interfered in settlements freely negotiated between trade unionists and their employers" and "is sabotaging the whole system of industrial negotiation based on free collective bargaining." The first of these phrases has already been applied (pretty oddly) to the Government's rejection of the Burnham committee's recommendations; and it will certainly be heard again if the Government rejects the proposal made by the employers' representatives and other members of the Road Haulage Wages Council, who want the Minister of Labour to make a new wage increase obligatory on all employers in that industry. The second phrase is being used because the Treasury has duly refused, as last month it specifically said that it would refuse, to accept a recommendation from the industrial court that it should increase its wage offer to certain employees of the Admiralty. It is important that ordinary people should get their definitions in these matters straight.

A freely negotiated or collectively bargained wage increase is one which an employer decides to pay under pressure from the workers and trade unions facing him, but without pressure from any other source. The employer may decide to make it

"the only true alternative to war"—alongside the dismantling of national armaments.

Mr Gromyko has been quick to turn down two of the specific points made in the programme and in the President's speech. No treaty banning nuclear test explosions can, in the Soviet view, be concluded until there is full agreement on disarmament as a whole. And, despite all Mr Khrushchev's personal pledges that he would accept whatever controls were asked if the West would only agree that disarmament should be complete, Russia will not permit any verification that arms retained do not exceed the agreed levels at any stage in disarmament. This rejection of verification makes nonsense of all hopes of progressive reductions to lower and lower levels—and thereby makes nonsense of all the Soviet disarmament plans hitherto presented.

Moscow ought to be more attracted—if west German desires for nuclear arms are a major factor in its current calculations—by the American proposal to ban, from the beginning of the process of disarmament, any transfer of control over such arms to any nation that does not yet own them. But the Soviet reaction to the American stress upon rapidly evolving peace-keeping machinery must be, to put it mildly, ambivalent. While Russia has lately accepted the idea of a permanent UN force in principle, its present aim is clearly to ensure that such a force could never be effectively employed to keep the peace. This is one of the crucial points on which it is now urgently necessary for the smaller nations to make up their minds and speak them, if they are sincere in their pleas for disarmament. Neither they nor others can hope to see a disarmed world until there is agreement on the constructive aspect of the problem—planned peace-keeping.

in order to attract more labour, or to enjoy better labour relations at his works, or (in a free society) simply to avoid a strike; the wage offer made by Ford Motor last week was of this sort. There are some people (including, to judge from his interesting recent articles in this journal, Sir Robert Hall) who doubt whether untrammelled free collective bargaining is consistent with full employment if inflation is to be avoided; but *The Economist* does not regard this doubt as proven yet. For our part, we welcome the Ford offer. Where we and Sir Robert and now presumably the Government do agree, however, is that inflation is likely to be inevitable if those who pay wages are to be forced into bigger settlements by any factors other than their own assessments of the balance of interests before them.

Such an extraneous factor is clearly introduced if one says that all employers always "must accept" the recommendation of any outside committee or arbitration court or wages council. In the case of the Burnham committee, the Government is the chief paymaster of the teachers, and one really cannot argue that it is "interfering with a freely negotiated settlement" when the settlement is one to which it itself has never agreed. In the case of the industrial court, automatic acceptance of all its recommendations would thrust Britain back into its worst economic sickness of postwar years—which has not been the "irresponsibility" of trade unions, but blind

acceptance by the "responsible" public of constant inflation through arbitration. In the case of wages councils, nobody should complain if the particular "employers' representatives" on the Road Haulage Wages Council pay their recommended wage increase to their own men, and if some other road haulage employers follow them. But if other haulage employers are allowed to try to stand up to a strike rather than do so, this

Engagement Announced

In Paris, on October 10th, between Britain and the Six . . . the size of dowry to be agreed later

AT last, the prolonged affair between Britain and the Six has moved beyond the courting stage. A proposal has been made and, very provisionally, accepted. A date, October 10th, has been fixed for the start of talks on the terms of the marriage. Full-scale negotiations will not get going until the middle of November. But Tuesday's decision by the Council of Ministers of the European Economic Community in Brussels is nevertheless a milestone. The Six have now clearly accepted the British offer to negotiate about membership of the common market, and proposed a time-table for the talks.

Just how tough the talks will be, and how large the interests at stake are, has been shown by the tussles over procedure that have been going on within the European community. Just as in the earlier, fruitless, phase of the cross-channel courtship the organisations taking part (the Organisation for European Economic Co-operation on one side, the Six on the other) symbolised different views of Europe, so in the present, more hopeful, phase the arguments over time, place and method of negotiation have their bearing on the more substantial struggle to come. Within the community, France has been pressing for the negotiations to be held in Paris, and for the governments to be the negotiators. Others favour Brussels as the site; and federalists have been pressing for the European Commission to speak for the Six.

On the whole, the results of this first move in the procedural round are encouraging. In their own internal arguments, the Six have compromised. The main talks are to be held in Brussels, the preliminary exchange in Paris; the commission is to be brought into the talks, but the main responsibility is to be left to ministers of the various governments. More important, from the British point of view, the Six have not stuck to the extreme demand put forward in recent weeks by the more sceptical Europeans in Brussels and Paris: that, before negotiations even start, Britain should present a written outline of its special difficulties, with its own suggested solutions. Such a document would have hamstrung the British negotiators from the start, and drawn embarrassing fire from both the Commonwealth and the Europeans. The demand for it would have been a striking indication of the strength of those who do not want the British in. In the event, the Six have merely asked Mr Heath for a verbal exposition of the British intentions and problems. They have even agreed on a ceremonial signing of the treaty (if there is one) in Bonn.

The British Government is thus entering on the trickiest as

really cannot be called an interference with "free collective bargaining." The fact that some nominally responsible newspapers are once again encouraging the public to use these disingenuous phrases, without for a moment thinking through what they mean so long as "recommended" increases run well ahead of increases in real national production, is one of the most depressing economic features of the present time.

well as the most exciting phase of the journey it embarked upon in July, 1960, when its European policy first felt the wind of change. Inevitably, its balance on the tightrope between Europe and the Commonwealth will now become more nerve-wracking than ever. The Accra conference on September 12th-14th showed that the Commonwealth countries have, naturally enough, no inhibitions about stating their claims, now that negotiations are in the offing; during the past fortnight there have been further, no less frank, talks in London between British and Commonwealth spokesmen. Now, and during the negotiations, the Government will have the hard task of combining the closest Commonwealth consultation with a right resolute determination to keep control of the negotiations in its own hands, as a free and sovereign partner in the Commonwealth should, and to avoid giving too many hostages, either way, to fortune.

Politically, at home, the Government may have its work cut out to ensure that the protestations from the Commonwealth do not have a wrecking effect inside the Conservative party. There are, it is true, signs that the vehemence of the cries from across the sea is beginning to rebound upon the protesters. Tory back-bench patriots do not relish the idea of being dictated to by Africans or even Australasians, any more than by Europeans. All the same, the leadership which the Prime Minister and other Ministers have provided this year will be needed more than ever. The first meeting with the Six in October is to take place on the first day of the Conservative party conference; Mr Heath will have the chance to give his report to the faithful.

ON the Continent, consistent effort has to go on to convince the Six of British sincerity. Much has been achieved by Mr Heath's patient diplomacy, and by the bold (and surely correct) references to the value of political unity in the Prime Minister's application to join. But there are still real, as well as tactical, doubts across the Channel. The French have noted that the moment of Britain's conversion was determined, not by the ideals which originally created the community, but by the disadvantages of being outside. Will this new, hard-headed convert share the zeal and determination of the other members to develop the community once it is inside?

Here the immediate crux is agriculture. It has long been apparent that, if Britain accepted a common agricultural policy, it would find itself (mindful, as it must be all the time, of Commonwealth exporters) sharing the French interest in low prices. But this factor, which could give the French an incentive to have the British in, cannot work helpfully in the deliberations until they are persuaded that the British are, in

fact, prepared to accept a common agricultural policy. The Commonwealth interest, after all, might be satisfied even more easily by an alliance between the British and the Germans to stop the common market from embracing agriculture at all. With the tussle over agriculture within the Six themselves now coming to a head, the French are hardly likely to befriend the British with a good will in the coming negotiations until they feel sure that the British, once in, will play the agricultural game their (it is to be hoped more liberal) way.

Do the British mean business? That is the European question. Do the members of the community really want Britain, with its special interests and problems, among them? That is the fair retort of the British, who do not enter upon these historic talks as suppliants but as would-be partners. Everything is going to depend on the development of a climate

PARTY CONFERENCES—II

And Fight Again



A discussion of the problems before Britain's marvellously-revived Labour party, whose annual conference starts on Monday

THE most important thing about next week's Labour party conference at Blackpool is that it looks as if it is going to be wonderfully unimportant. It is no doubt conceivable that Mr Gaitskell might be "beaten" in a vote about the training of German troops in Wales, or about the Polaris bases if the Amalgamated Engineering Union should for once fail to fudge its mandate, or about the proper socialist attitude towards moral rearmament, the House of Lords or Timbuctoo. But everybody except the expostulating delegates concerned knows now that these votes cast annually in some seaside pavilion do not matter. By fighting again after Scarborough Mr Gaitskell has devalued the Labour party conference to its proper secondary status; it is no small achievement towards "saving the party he loves."

But saved for what purpose? Experience abroad has made it clear what Mr Gaitskell's aggressive purpose for his party should be, now that his defensive battle seems to be largely over. His aim should be to establish what might be called a Kennedy or Brandt image within the British Labour party before the next election. Unless the Conservatives make a really massive mess of things, it still seems probable that his hopes of winning that election will depend overwhelmingly on achieving this: on his success in getting a mass of middle-of-the-road voters to look upon Labour as the pushful, imaginative, undoctinaire party that might "get Britain moving again." What should be even more important to him, the prospects that the next Labour government might do any good for the country depend on such an achievement absolutely.

If one speculates on the possibility of such a Brandt image being achieved, one arrives at an interesting conclusion. The

of trust from the outset. Ultimately, most of the Commonwealth's trading interests will have to be safeguarded, not by negotiating exceptional arrangements for Britain, but by orienting the community's common policies in the right direction; and much of the hard horse-trading will not be capable of settlement unless, step by step, Britain becomes involved itself in the community's own thought and planning.

In the growth of trust, factors beyond the immediate negotiations will count for much. Next month the heads of government of the Six are to meet again to discuss further political collaboration. Whether they will invite the British in at this stage is not yet clear. But, if they do, Britain would be worse than foolish not to accept and make its own constructive condition. Whatever British hackles some of the possible implications of European integration may raise, this nation of shopkeepers has always recognised, over the world and through the generations, the primacy of politics.

prospects now seem much better that Labour may look like an attractive alternative to the Tories in the field of foreign affairs, where Mr Gaitskell has had to fight for his policy through a welter of blood and sweat and tears. They seem much worse in the field of domestic affairs, where Labour can look back on a recent history of careful compromise, hum, haw and ink. Just as Mr Cousins did much to win the last general election for the Conservatives by his challenge to them in the 1958 bus strike, so he now seems to have won a much-respected status for Mr Gaitskell in foreign affairs by his opposition to him last year; how, with or without the aid of some overt move of opposition from Mr Cousins, can Mr Gaitskell win a similarly respected status for his party in domestic policy as well?

This is not a matter of reviving the fussy attempt to rewrite Clause Four of the party's moribund constitution; nationalisation is now a supremely irrelevant issue, and if Mr Gaitskell gets into the right posture on other fronts he can probably simply omit all mention of steel nationalisation from the next Labour election manifesto when (but not before) the time to write it comes. Nor is it entirely a matter of which lieutenants Mr Gaitskell has under him, although it should be obvious that it will be easier for Labour to achieve an attractive image when and where its main departmental ministers are men like Mr Healey than when and where they are twirling weathercocks like Mr Wilson. Certainly, too, the road to a new look for Labour in home affairs does not lie through writing more policy documents; the history of these pamphlets, which have had to be raddled (meaning, painted red) with compromises, has been an utter disaster.

Instead the real question that worries the floating voter about all aspects of the Labour party's home policy—about planning, prices, restrictions on the growth of production, and even some problems affecting individual freedom—is the one question that Mr Gaitskell has hitherto never dared to face: namely, whether the Labour party is tied too closely to the vested interest of the trade unions.

ALTHOUGH nobody will dare to mention the matter at Blackpool, it is almost certainly on this front that Mr Gaitskell should determine to fight his most delicate battle of disengagement during the coming year. Unfortunately, all the complicated factors of party finance, personal temperament and current press comment will make it terribly tempting for him to avoid it. Party finance is a barrier because the unions are now more than ever the paymasters of Labour's organisation, as the industrialists are of the Tories'. But the Tories, in measures like the Restrictive Trade Practices Act and in their many (indeed often undesirable) increases in profits tax, have managed to show that their paymasters do not control their policy; yet they continue to gather in their cash because the industrialists know perfectly well that the other party would be liable to hit them worse. The degree of independence from control by the trade unions which the Labour party now needs to show need be only of that same order.

Personal temperament will be a barrier to any such struggle for disengagement, because Mr Gaitskell, as an intellectual middle class leader of what was once a proletarian party, is bound to feel a lonely man unless he can always instantly whistle up the personal support of the big trade union bat-

talions against the attacks of his fellow middle-class intellectuals on the party's far left; and because he must feel that it is the return to loyalty of the big trade union vote that has enabled him to reverse the Scarborough vote at Blackpool. But, in fact, the trade union vote came back to him after the public's vote at by-elections had begun to do so; and this happened after his disciplinary action against the Foot rebels had shown the electorate that he was able to outface the nuclear disarmers of Scarborough on his own. The real lesson of the past year is that power in the Labour movement still resides with the Parliamentary party and the broader electorate, not with the caucus of trade union block votes and constituency delegates at the annual conferences.

Finally, the tone of current press comment may at first encourage Mr Gaitskell to neglect his real problem, because at a time of widespread strikes the newspapers always overflow with descriptions of how angry the striking voters are supposed to be with the Government; but, in fact, the one proven psephological point of recent years is that in the sort of industrial conditions that are likely to obtain this winter the floating voter gets very cross with the strikers. In 1958 the Labour party, by refusing to make a real declaration of independence from the leaders of the London bus strike, managed to get put in the pillory with them. After seven months of brave advance in public esteem, it is reasonable to guess that the big political examination question of 1961-62 will be whether Mr Gaitskell is going to make the same mistake again. And unfortunately it is this examination, together perhaps with that over his ambivalent attitude to the common market, which the Labour leader's admirers must still feel least confident that he will pass.

NOTES OF THE WEEK

UNITED ARAB REPUBLIC

Not So United

IN getting rid of Colonel Sarraj, his Syrian vice-president of internal affairs, on Tuesday, President Nasser took a gamble on the Syrian army's loyalty to the United Arab Republic. But early on Thursday a group of army officers stationed at Qatana, a camp outside Damascus which has become the traditional starting point for Syrian *coups d'état*, seized the radio station in Damascus and announced that they were restoring "freedom and dignity" to the Syrian people. On Thursday afternoon, as *The Economist* went to press, the officers first of all called off their rebellion and then reinstated it because their demands had not been met. The separatist aims of the rebels were underlined by President Nasser's prompt denial that the UAR could be dissolved and by the dispatch of the First Army to Damascus. The First Army, which is usually stationed near the Israeli frontier, is a Syrian force, but President Nasser has been trying to stiffen its loyalty with a scattering of Egyptian officers.

In Syria there is still considerable loyalty to the concept of union, but little any longer to its practical effects. Nearly all the results have so far been for the worse; Syrians fret over their loss of parliamentary and press freedom, they hate taking orders from people they believe their inferiors in Cairo, and they are bitterly irked by the country's economic decline. All troubles are blamed on the union—even the three years of drought that have turned Syria from a wheat exporter into a wheat importer. The discontent is widespread, but this does not mean a general rallying to the rebellious group in Damascus. While nearly all Syrians would dearly like more autonomy, fewer would happily accept the backward step of a complete break. And if, as seems likely, Colonel Sarraj is behind the coup he seems to be too much detested to offer a tempting alternative.

Colonel Sarraj was one of the young Syrian officers who pressed strongly for unity with Egypt. Once the UAR was

established, his task, under various titles, was to look out for "subversive elements" in Syria, and to silence them. For the first couple of years or so, he performed the function of an invaluable watchdog for President Nasser, but, in a country that seethes with outspoken individualists, it proved impossible to silence all the people all the time. Colonel Sarraj's identification with repressive policies had long become a liability to President Nasser, and it was only a question of time before his "promotion." Promoting a Syrian politician to a vice-presidency in Cairo is not unlike turning a recalcitrant member of the House of Commons into a lord; it has become a stage in President Nasser's suave system for getting rid of people.

Many of the politicians who led Syria into union with Egypt have been removed in this way. President Nasser looks for obedience rather than wit from his henchmen, and Syrians of high calibre are as notably lacking in the one as they are blessed with the other. But in this case suavity alone has not worked. The revolt has happened, and Syria's neighbours, as well as the Syrians, are on the watch.

A Real Debate

THE Conservatives have been promising for some time that the agenda for their Brighton conference (on October 11th to 14th) would show that last year's vehement criticism of the National Union—for allowing its annual gathering to degenerate into a combination of idolatrous adulation and ministerial beauty show—has been heeded. Some of the changes in the agenda, which has now appeared, are minor and procedural. Ministers are no longer to be allowed to monopolise quite so much of the microphone time; fewer motions have been tabled, which will mean longer debates from the floor; and on the Saturday morning there will be the interesting experiment of a "sort of parliamentary question-time." But the real question to which an answer was awaited was whether the party's leaders would still stick to the traditional Tory practice of holding the main debates only on the most comprehensive motions, which can be interpreted to mean practically anything, leaving the more controversial motions to moulder undebated on the order paper. And the answer is that, in at least one instance, the Tories have now opted for controversy. More of the selected motions this year have teeth or at any rate a tooth, and the selected motion on crime and punishment has been given a whole set.

This motion on crime frontally attacks the Government's whole penal policy and calls for an extension of capital punishment to cover all murders (insane murderers are mercifully excluded) and for corporal punishment for all crimes of violence. Mr Geoffrey Howe, of the Bow Group, has put down an amendment to delete these gentle suggestions; his amendment endorses recent Government policy and calls for a constructive approach to the problem of crime, including the introduction of a scheme to compensate victims of crimes of violence. The debate should produce a dramatic clash between the old and new Toryism. Mr Butler courageously and rightly will throw his weight against the motion and seems bound to support the amendment which underpins his policy. Probably the hangers and floggers will win their usual majority, but their selected motion is so extreme that this is not absolutely certain. In any case, so long as it is made crystal clear that the conference has no power at all to tell the Government what to do, the Tory leaders should be congratulated rather than castigated for thus at last allowing their party workers' voting to come right out into the open.

Restricting Immigrants?

MOST of the other starred motions at the Tory conference can be accepted by ministers in one form or another, and they are therefore again chiefly of interest

for the opportunity they may afford for ministerial pronouncements or intimations about legislation to come. Unfortunately, it looks as if the Government may be going to announce (or hint at) new legislative restrictions on immigration. The motion on this subject is pretty specific, and Mr Butler himself will be answering the debate. Certainly, party feeling on the matter is strong. Forty resolutions are down on the subject: of these all save one call for some form of restriction, the sponsors apparently seeing nothing inconsistent in the pro-Commonwealth party putting forward such demands. Among the other starred motions, that on Africa calls in the time-honoured manner for safeguards for "the economic interests of all the racial communities concerned," but goes on to make a special plea for Europeans, whose interests are considered to be more economic than others. The motion on pensions is an unusually thoughtful one, suggesting that the Government should consider "developing a more selective system . . . with a view to concentrating help in the fullest measure on those who for one reason or another most require it"; but it seems unlikely that Mr Boyd-Carpenter will reveal any major new thinking here. The motion on trade unions "would welcome" an inquiry into trade union affairs and believes that "the nation would support Her Majesty's Government if subsequently it decided to introduce reforming legislation"; this is a pretty cautious motion and will enable Mr Hare to say much or nothing, as he chooses.

Although the most dramatic Tory debate will be that on crime, the most important debates should be on the common market and on the British economy. The starred motion for the first of these merely calls in ministerial jargon for a close association with the Six, with, of course, safeguards for the trinity of Commonwealth, agricultural and EFTA interests. But it is possible that the anti-Europeans may table a specific amendment at the conference itself. The deep anxiety felt within the party is indicated by 43 motions on the agenda, many of them asking for safeguards or expressing reservations. The main starred motion on economic affairs is designed merely to allow Mr Selwyn Lloyd to tilt at the dragon of inflation, but he will presumably have something to say about his projected new machinery for planning too.

FRANCE

When Days Draw In

AUTUMN has brought storm signals in France's political weather. The forecasts of trouble to come are no longer based only on the echoes of gelignite explosions, which are now routine, or on the ease with which officers sentenced to jail vanish into thin air. There are some real changes in the atmosphere. General de Gaulle, in spite of a fairly successful provincial tour

last week, has rediscovered the existence of political parties and has invited their leaders for talks. The Socialists, for long known as HM Opposition, have now begun to criticise not only the government but the very regime they have helped to bring about. The critics are outspoken, and their favourite topic is the general's successor. M. Mendès-France finds the situation so alarming that on Monday he urged "men of goodwill" to fill the political void by preparing an alternative government which would have two months after taking office in which to make peace in Algeria and provide a new constitution for France.

General de Gaulle's relinquishment of his special powers, and his new interest in politicians, may not be unconnected with the new tactics of the military underground. The advisers of the secret army organisation must have convinced its leadership that soldiers can take power in France only under a political cloak. General Salan, in letters to the press and to parliamentarians, is now parading as a liberal who aims at rescuing democracy from the gaullist dictatorship.

The president's decision to see the parliamentary leaders does not mean that he has been converted to a parliamentary system. Indeed, he has asked the party leaders not to bother him during his new attempt to make peace in Algeria. Is this attempt based on any new proposals? For the moment, the only new suggestion seems to be that a provisional executive for Algeria will no longer be used as an alternative to the FLN, but, on the contrary, as a transitional mechanism to enable the men from Tunis to return. But, if the Moslem insurgents show interest in the new gaullist proposals, what will be the reaction of the European insurgents and their military allies? It is no wonder that Parisian forecasters are expecting new storms in the last quarter of the year.

BRITAIN AND KATANGA

How to Be Suspect

BRITAIN is now saying the right things about Katanga; unfortunately, it has been suspected, partly because of its own maladroitness, of doing the wrong things. Many British investors have, through Tanganyika Concessions, an indirect interest in Union Minière du Haut Katanga, the company that dominates the province. To the persistently anti-colonial heart this is a nagging memory. The Foreign Office, a trifle clumsily, has made many people think that what Britain wants is Katanga's secession. Its heated demands to know what the United Nations was doing when fighting broke out in Elisabethville on September 13th were seen as evidence of this. The federation of Rhodesia and Nyasaland has seemed to support Mr Tshombe, and this reflects on Britain, which is ultimately responsible for the foreign policy of the federation—in spite of the contrary impression given by Sir Roy Welensky, the federal

prime minister. It has been reported that pressure by Sir Roy on the British Government led to British pressure on the UN, in the weeks before fighting broke out, to go easy on Mr Tshombe. Several correspondents have reported that the result of this was to give Mr Tshombe a chance to gather his forces.

For this reason the British Government's stated policy, as described by Mr Edward Heath a week ago and assiduously put forward by many official spokesmen since then, is to be welcomed. Britain supports the UN resolutions on the Congo: it supports the expulsion of foreign soldiers and advisers; and it is in favour of attempts to bring about a peaceful reintegration of Katanga into the Congo. Mr Heath said, "The British Government has never supported the secession of Katanga from the Congo, nor do we favour it now." What is opposed is the use of force—and especially UN force—against Mr Tshombe. This puts the British Government on the side of much of former French Africa, if not of many English-speaking Africans. Britain's unpopularity over Katanga can be further diminished if, in future, the Government's views are expressed solely in the United Nations headquarters and the General Assembly. Direct pressure on the UN forces on the spot is too easily interpreted as interference.

GHANA

Valley of Suspicion

GHANA is becoming its own worst enemy. Introspective, and sometimes irrational, the nation seems to be in a mood of black anger. On his recent tour of communist capitals, President Nkrumah violently attacked colonialism, which he has every right to do. But his language, and his choice of platform, made it look as if he were specifically and bitterly attacking Britain—which, in all fairness, he is less justified in doing. Similarly, Dr Nkrumah, worried about his own left wing, and suspicious of Britain's policy in Katanga, has felt obliged to dismiss General Alexander, his British chief of staff. This is Ghana's own business; but the manner in which the dismissal was conducted was inept, and made Ghana look more sulkily introverted than ever.

The events in Katanga have led to what Ghana's acting High Commissioner in London, Mr Kwesi Armah, calls "the recent controversial exchanges between a section of the British press and a section of the Ghana press." The section of the Ghana press that is free to say what it likes because it almost invariably says what the government likes has been so bitterly anti-British (especially in its references to Mr Hammarskjöld's death) that the Ghana government has felt obliged to dissociate itself from some of the more hair-raising passages. But, unfortunately for Ghana, Mr Armah is not the best choice of man to explain this sort of thing. In spite of his

diplomatic post, he is also chairman of the Committee of African Organisations, a London umbrella for all the radical and revolutionary African groups important enough to have London representation. This committee has every right to exist, to organise marches and demonstrations, and to disapprove of British policy in Africa. It is not in Ghana's interests, however, for its acting High Commissioner to be the committee's chairman.

None of this is a reason for cancelling the Queen's proposed visit to Ghana; indeed, the visit may help to restore some of the country's easily wounded pride. And the Americans, perhaps wise to make Ghana wait for their signature to the loan for the Volta river dam, would not be wise to hold back altogether. Ghana is suffering from a national inferiority complex, and cannot be expected to come out of the valley of suspicion unless treated with care and sympathy.

TEA BREAKS

The Cost of Tea

AS the date of the threatened strike in a tea-cup at Ford Motors draws steadily nearer, it is beginning to look as though the union leaders are not all that anxious to launch a major official strike on an issue that can only lead them into public ridicule (especially as a sterner struggle on their new £350 million a year wage demand for all engineering workers may yet lie ahead). The lengthy process of getting official union backing from all the 27 unions involved at Fords may yet allow some way out of the tea break dilemma there to be found. But, by a silly coincidence, the building workers are now involved in a controversy over this mainstay of the British way of life. A new agreement for building workers comes into force on Monday, allowing for a reduction in hours to 42 a week, and a wage increase of 6d. an hour: the agreement provides a maximum of one hour's break or breaks a day "for refreshment," including a minimum half-an-hour for the midday meal. The employers say that this can mean that the other two quarter-hours may be spent, unpaid, consuming tea. The unions say that the agreement does not mention the time-hallowed tea-break, and that they intend to go on as before—which means taking two quarter-hours off each day being paid for drinking the cup that cheers.

The building employers estimate that they could save as much as 12½ million man-hours a week if ever they could cut out the paid tea-breaks altogether; theoretically this could enable Britain to build about 20,000 more houses a year. More dramatically, a correspondent in the *Daily Mail* has estimated that, in British industry and commerce as a whole, tea breaks may cost the country 50 million man-hours every week—or about as long as it took to build the whole of the M1. Whether or not this is a reason-

able guess, there is plenty of evidence that the effects of tea breaks can be disastrous, when a production line has to be stopped while men down their cupsfuls, or work carelessly while drinking on the job. But it is also quite clear that British workers are not willing to do without their breaks altogether, whatever other inducements are offered. Probably the most that can be hoped for at present is that (a) British industry may start to work out more efficient ways of getting tea to men on the job, so that there is less queueing and hanging around before and after the service of it; and (b) that tea breaks should become more fixed and organised, instead of being spun out (as they often are in the building trades) to twice their theoretical length.

LOCAL GOVERNMENT

Reforming Aldermen

ONE of the papers down for discussion at the Conservatives' conference on local government, which will be held on October 10th in advance of the main jamboree at Brighton, is a lively dissertation by Mr Bryan Keith-Lucas of Oxford: it calls for more experiment in the structure of municipal government, questions the value of aldermen and seeks to increase public interest in local administration. And three of the motions tabled for the main conference itself, one of which might just conceivably be drawn in a ballot for debate, also call for reform of the aldermanic system.

It is good that local Tories should be taking this problem seriously. This year has seen, once more, local parties with an actual minority of elected councillors hanging on in power for the next three or more years because they controlled enough aldermen to swing the vital vote for the mayoralty. The law should be altered, quite simply, to stop minority parties practising this deceit. Where parties have dead-headed, the issue is more complicated; but it is anomalous that parties should cling on for as long as they can do by packing the aldermanic bench. The suggestion made in *The Economist* of May 20th was that, when there is a dead-heat of elected councillors in the boroughs, the existing aldermen should continue for another year, when one-third of the councillors would again be due for re-election and the voters would have another chance to make their wishes felt. Reform along these lines seems more desirable than scrapping aldermen altogether. When a party has won fairly and squarely in a popular vote, it should be entitled to take enough extra seats (for aldermen) to make its control effective, and not be dependent on whether one councillor falls ill or takes a holiday. Other changes that should be advocated at Brighton are that the parties should take much more care in picking the right kind of aldermen and co-opted committee members (i.e., they should generally be people with special

financial or other expertise); that the normal renewable aldermanic term should be limited to three years instead of six; and that all councils should allow much freer reporting of important committee debates, so that the electorate can be fully aware of how council decisions are reached.

DRINKS IN WALES

Challenge to the Chapel

WALES will hold its referendum about whether to open its pubs on Sundays on Wednesday, November 8th. All thirteen counties (Radnorshire was the last to lodge its request) and the four county boroughs of Cardiff, Merthyr Tydfil, Neath and Swansea have applied for a local option poll—a unanimity of application which, however predictable, has rejoiced the heart of the Sunday Opening Council, whose eager volunteers have been tramping twenty miles a day to rustle up signatories. The openers' campaign has developed into the biggest direct challenge that the chapel influence on Welsh life has had to meet in recent years, and the consequent national debate is ranging far wider than those households where the very word brewer is as much a symbol of alien domination as landlord. Fierce differences have arisen inside the Welsh Labour party, and the nonconformist establishment has come into bitter collision with the Anglican Archbishop of Wales, who dared to designate alcohol as a gift from God.

But this rumbling of traditional artillery in defence of the Welsh Sunday is not likely to be the decisive factor in the November vote: nor is the last stand of the tem-

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perance brigade itself. If the chapels have any hope in the present fight it does not come from the appeal of abstinence, but from the self-interest of the established Sunday drinking clubs. Some of these clubs satisfy the drinking classes so fully that those who run them are hoping that their clientele will not bother to turn out to vote for the superfluous additional opportunity of Sunday drinking within the prim legality of licensed public house hours.

There is much to be said for the distinctive qualities that the chapel instilled into an older way of life. But the chapel's real decline of power has been the steady, and in some districts almost total, drift from Sunday worship at Bethel and Bethesda. Its influence is unlikely to be recovered by inflexible resistance to a legal change that is calculated to regulate the consumption of God's gift in a way that the private clubs do not.

IRAQ

Old Perfidious

ON the credit side of Britain's Middle East policy are the number of Iraqi booby traps that have not been fallen into. Since the Iraqi revolution in 1958, there have been a number of occasions when, under less skilful piloting, Britain might well have taken a header into just such a tangle of abuse and suspicion as knotted up Anglo-Egyptian relations for several wasted years. Diplomatic relations with Iraq have, more often than not, been provoking, but the British Government has stuck stolidly to the line that General Qasim is the best

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prime minister the Iraqis have got. But the notion of Albion's perfidy is much too deeply embedded in Iraqi minds to be dislodged by the evidence of a few years of correct behaviour. It is sad but not surprising, therefore, that General Qasim has swung so easily and so vigorously into accusing the British of helping his rebellious Kurds.

The charge, first made by General Qasim at a press conference on September 23rd and repeated during the week by Baghdad radio and newspapers, is that the British, backed by the Americans, helped to instigate the Kurdish revolt by supplying the rebels with money and munitions. The implication is that Britain, with Kuwait and the Iraqi oil negotiations in mind, was bent on creating serious trouble in the Kurdish north of the country in order to weaken General Qasim's stern resolve. The charge will probably fizzle out on its own. But it



Mullah Mustafa Barazani and friends

does make the atmosphere for the talks between the Iraqi government and the oil companies, which were once again resumed on Thursday, even more inauspicious than it was already.

At his press conference General Qasim indicated the extent of the Kurdish revolt by admitting that it had spread to cover one-third of the country; he also claimed that it had now been stamped out. This seems as doubtful as the conflicting reports about Mullah Mustafa Barazani's capture and whereabouts. There is still no evidence that the Kurds had the help of any outside government. General Qasim, who is expecting a considerable assignment of arms from the Soviet Union, specifically absolved Russia from any involvement in the revolt. From time to time, it has been in Moscow's interest to stir up trouble among the Kurdish minorities; now, the Russians may feel that their interests would be better served by simply waiting for the outcome of the oil talks.

INDUSTRIAL ACCIDENTS

Danger at Work

THE annual report of the Chief Inspector of Factories is a grim document this year, with industrial accidents up by 9 per cent; in particular, there has been an increase of 17 per cent in the number of accidents to boys and of 10 per cent to girls.

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Superb cushioning

Cushioning is something we all need for our daily comfort—to lie on, sit on, rest our weary heads (and jump on if we feel like it). Today, the blows of life are increasingly softened by polyurethane foam, the newest material to inspire the industrial designer with its lightness, flexibility and versatility. Polyurethanes are made from polyether polyols, on which Shell

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The Economist

SEPTEMBER 28, 1861

CHECK TO AMERICAN PRIDE

THE great Republic of the West had grown in population, in prosperity, and in power at a rate and in a way which was not well either for her neighbours or herself. Her course had been so triumphant, so unparalleled, so free from difficulties, so unchequered by disaster or reverse, that the national sense and the national morality had both suffered in the process. A boundless territory, an exhaustless soil, a commerce almost unequalled, mineral wealth quite unfathomed and apparently unlimited, a people rapidly increasing in numbers and endowed with most of those qualities which ensure empire and predominance to their possessors,—had fairly, and not unnaturally, turned the heads of the whole nation. They believed that no other nation could stand up against them, that none had a claim to interfere with them or thwart them, that the rest of the world had no rights which could for a moment be suffered to stand in the way of their interests or their designs. They were so rough, so encroaching, and so overbearing, that all other Governments felt as if some new associate,

untrained to the amenities of civilised life, and insensible alike to the demands of justice and of courtesy, had forced its way into the aeropagus of nations;—yet at the same time they were so reckless and so indisputably powerful, that nearly every one was disposed to bear with them and defer to them, rather than oppose a democracy so ready to quarrel and so capable of combat. . . . This being so—and who can gainsay it?—with what colour or consistency of reason can we be charged with selfishness or want of generosity, because we rejoice that an excess of power which was menacing to others and noxious to themselves has been curtailed and curbed; that we are spared the painful alternative of ceaseless squabbles and ceaseless endurance or of a desperate and decisive conflict; that pride which was fast becoming a disease has met with a salutary check; that the weak places and the radical faults in those democratic institutions which they were accustomed to worship with a blind idolatry have been laid bare in time?



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TURIN, Italy—High stacking in extremely narrow aisles by Yale Warehouse increases storage capacity in this plastics factory which supplies components for Fiat and Lancia automobiles. Not only do these compact manoeuvrable Yale Warehouse save warehouse

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In part, this growth may be due to the arrival at work of the first wave of the school-leaving bulge, with a corresponding increase in the numbers of young people at work. But these trends merely point to the need for better training, and stricter enforcement, of the existing safety laws for young people in their first jobs. Accidents are reported to the inspectorate if they cause a minimum of three days' inability to work at the usual rate: 190,266 people suffered such accidents last year, causing the loss of some 800,000 working days. Most tragically of all, 675 people were killed by accidents at work last year.

The Minister of Labour, in presenting these figures, rightly described this as a "wholly indefensible waste of manpower." He is to call special meetings with employers' associations in various industries with bad records to see what can be done; but it does not appear that he intends either to strengthen the force of 400 factory inspectors, or to spend any more money on education or advertisements. His insistence that the preservation of safety is the employers' job is perfectly correct: but it is open to doubt whether they in fact do it adequately. Many factories see an inspector only once every other year—which is not the fault of the inspectors, but is inadequate when both employers and workers often have a positive incentive to become mildly careless, and thus expose themselves or their workpeople to danger. Men on piecework may well find that effort is reduced and speed increased by leaving a guard off a machine, by not wearing heavy protective boots, or by failing to wear a hot and cumbersome helmet. Employers in building and civil engineering have the worst safety records: it is not a pure coincidence that these industries often work against time to complete a contract.

Fines for disregarding legal safety provisions have recently been raised to a maximum, for employers, of £60 for milder and £300 for graver offences, and for workers of £15 and £75. But in 1960, when cases were heard against 982 defendants, the average fine was only £18. There is a case for much more toughness here. It is true that, on the figures available (which are not always strictly comparable), Britain still appears to have a better record of industrial safety than most other big industrial nations; but it is important that the country should keep things that way.

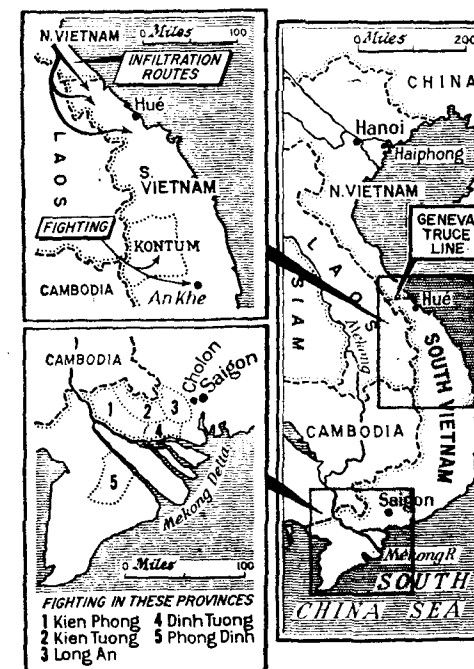
INDOCHINA

The Other Menace

PRESIDENT KENNEDY was right to remind delegates to the United Nations General Assembly that Berlin is not the only place where international peace is in peril. The insidious character of the "creeping

war" in south Vietnam disguises its seriousness, but, as the President put it, aggressions are no less real because men are knifed in their homes and not shot in the field of battle. Later, in fact, the assassin's knife and the terrorist's bomb have been supplemented by military action on an increasing scale.

Such graduation is disquieting, but it is also an opportunity. In the Malayan emergency, the terrorist bands never graduated to full-scale war and therefore remained elusive to the last. In south Vietnam, the bands have grown to battalion size and are often intercepted and encircled by the south Vietnamese army. Casualties are high on both sides; even if communist claims are suspect, they do provide a yardstick of intensity, and the latest claim is that 700



government troops were wiped out by "people's self-defence units" at the end of August and the beginning of September. The main areas of recent fighting are shown on the map.

If these incidents were merely of a local nature, they would be disquieting enough, but they form part of a communist offensive directed from north Vietnam, in which Laotian territory is used both as a base and as an infiltration route. The Russians are indirectly involved because of their assistance to the Laotian communist guerrillas, and the Americans because of their help to President Diem's government in south Vietnam. Precise details of the communist build-up in the south were given to Lord Home, as co-chairman (with Mr Gromyko) of the Geneva conference on Laos, in a south Vietnamese note on August 17th.

The communist delegations at the conference, however, still steadfastly refuse to admit north Vietnamese assistance to the Laotian guerrillas or to discuss the use that is being made of Laotian territory for aggression against neighbouring countries has been included in the western draft proposals for a protocol to protect the neutrality of Laos. As Mr Harriman, the head of the American delegation at Geneva, pointed out in Saigon last week, the crux of the problem is there. Indeed, the problems of Laos and Vietnam cannot be solved in isolation, either from each other or from the wider issues of the cold war.

TRADE UNIONS

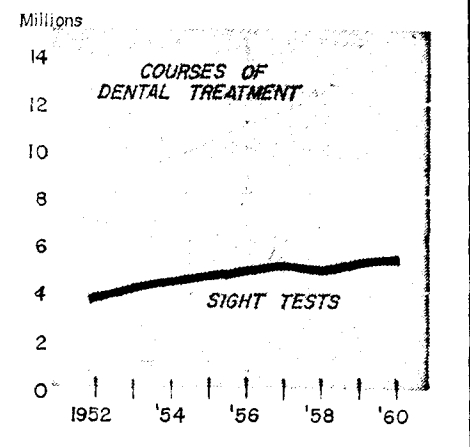
Knowing their Unions

TWO new spotlights have been thrown this week on the affairs of British trade unions. First, the peripatetic investigating team from the International Labour Office, which has already made cautiously diplomatic surveys of trade unionism in Russia and America, has published its pamphlet* about Britain. It is perhaps useful to be reminded that to a foreign eye there is a remarkable agreement in Britain that the unions are to be accepted as a necessary and useful national institution. Less cosily, if still fairly obviously, the team remarked on the survival in British unions of "machinery and methods that appear outmoded" ("appear" is nicely diplomatic). Unions would do well to ponder the remark that sometimes "the protection of the interests of organisations and of the trade union movement as a whole seems to have priority over the protection of individuals." But the real audience for this useful factual summary is abroad—it is tempting to wonder

* The Trade Union Situation in the United Kingdom. I.L.O. \$1.75. 7s. 6d.

EYES AND TEETH

Last year nearly 5 million pairs of glasses were supplied under the national health service. The minimum charge was then 25s. as it had been since 1951; it was increased to 30s. in May this year. The charges offset a third of the gross expenditure on the ophthalmic services. 13½ million courses of dental treatment were completed in 1960, excluding any carried out under the school health service.



how one renders "a tortious act under common law" in Spanish?

More substantial food for thought is contained in a new Penguin Special by the doyen of British industrial correspondents, Mr Eric Wigham of *The Times*.† Mr Wigham really knows his stuff: as a piece of analysis, and as a summary of the main contentious incidents in which the unions have been involved since the war, his book could hardly be bettered. Unofficial strikes, union elections, communist plots, the political levy, the feebleness of the TUC's leadership and—briefly, but still pointedly—the inadequacies of employers' organisations: all these are explained with chapter and verse, in a skilful feat of condensation.

Mr Wigham's last chapter contains his recommendations about what should be done, as much by government and employers as by the unions themselves. Particularly topical and reasonable is his suggestion for new legislation to control the conduct of union elections and to protect the rights of those threatened with victimisation after a strike, or by the imposition of a closed shop—but nothing more. Trade unions would certainly be able to do their job more efficiently if they accepted Mr Wigham's suggestions: the question is whether the job he wants them to do is the right one. His approach to wage bargaining is Guillebaudian: a fair price should be paid for work, irrespective, it seems, of the profitability of the industry involved. This leads to a rather vaguely adumbrated scheme for a planned share-out of wages, with the unions playing an active part in deciding who gets what share—and restraining their members when an increase is not due. It is engaging, if not surprising, that the author ends with a confession of his certainty that few of his suggestions will be adopted.

† What's Wrong with the Unions. By Eric Wigham. Penguin. 3s. 6d.

RUANDA-URUNDI

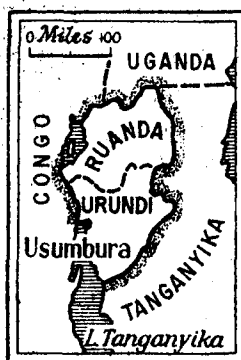
Belgium's Twins

UNDERSTANDABLY anxious to avoid presenting the world with another Congo, the Belgians are doing their best to bring Ruanda-Urundi, a small, overcrowded trusteeship territory on the border of the Congo, to peaceful independence. The results of the elections in Ruanda this week and in Urundi two weeks ago do not give much hope. In Ruanda the Parmehutu party won an overwhelming victory. This is not surprising; it draws its support mainly from the Bahutu people, who comprise more than 80 per cent of Ruanda's population. Their former overlords, the tall Watutsi, have been politically eliminated and the monarchy—a Watutsi institution—has been decisively rejected.

The situation is complicated, however, by

NOTES OF THE WEEK

the close co-operation that has arisen between Parmehutu and the Belgian administration. Parmehutu needed Belgian help to overthrow the Watutsi; it also believes in delaying independence until it can consolidate Bahutu rule. The Belgians, hoping to keep more influence in an independent Ruanda than they have been allowed to keep in the Congo, have given unqualified support to the Bahutu; this has made other African states (including neighbouring Tanganyika) look on Parmehutu with suspicion and toy with the irresponsible idea of supporting the autocratic Watutsi and their deposed monarch, Kigeri V. There is talk of Ruanda-Urundi joining an east African federation with Kenya, Uganda, and Tanganyika. But these political complications are likely to present a formidable obstacle.



In Urundi, the Uprona party, which draws both Bahutu and Watutsi support, won the elections; it is willing to retain the monarchy and is strong because tribal divisions are less marked in Urundi than in Ruanda. But Uprona is anti-Belgian, and

has had contacts with the late Mr Lumumba's Mouvement National Congolais. It does not at first sight look like the sort of party that would easily co-operate with Parmehutu in Ruanda. It seems as if it is going to be as difficult to keep Ruanda and Urundi together as it will be to keep the separate elements of Ruanda in one piece.

INDUSTRIAL TAXATION

To Him that Hath...

ONE of the most interesting movements of economic opinion in recent months has been the retreat from the idea that governments should help lame dog industries over stiles, towards the view that they should actively encourage industries which are contributing most to growth. To him who is expanding should more be given; to him who is losing that which he hath should a sharp clout from the fiscal knob-kerry be applied. The most extreme instance of this viewpoint has now appeared in an interesting paperback book* written by nine American economists. It is a rather turgidly written and academic treatise, dropping into differential calculus here and there, but its central proposal is simple.

The authors suggest that a new system of taxes and rebates should be applied to business firms, based upon a target rate of growth. If the target rate of growth in out-

THE ECONOMIST SEPTEMBER 30, 1961

put (or in value added) were set at 5 per cent, then all firms that exactly attain that target should have these new taxes exactly offset by rebates. Firms that grow by more than 5 per cent in a year would receive a rebate larger than the additional tax, and firms whose rate of growth fell below 5 per cent would receive a rebate smaller than the additional tax. The authors suggest that very small firms should be allowed the alternative of opting out into more normal systems of taxation, although "once having entered into the scheme they would not be permitted to withdraw, at least until their payments into it had matched the rebates received." But among bigger businesses "requests for exemption of firms in declining industries or in situations in which market forces make it very difficult to achieve growth... must be firmly rejected."

The authors explain that people "will still be able to get the products of declining industries, but only if they are willing to pay the price.... A change in the social priorities... would be reflected in higher prices of those products that serve as a drag on the expansion of output." In an economy that has grown used to subsidising (instead of quickly killing off) declining industries like fishing and shipbuilding, this would be a revolutionary idea. But, for a trading country that needs to expand its growth industries and shed its stagnant ones, is there not something in it?

* What Price Economic Growth? Edited by Klaus Knorr and William J. Baumol. Prentice-Hall International. 184 pages. 15s.

Correction.—Our issue of September 9th contained a series of articles on the Press in the course of which, in an article entitled "Can Provincials Prosper?", we stated that Mr Thomson was undertaking a consolidation of his interests in Ulster and that he was "selling off the machinery of the morning *Northern Whig* and printing it on that of the evening *Belfast Telegraph*."

This was and is not, in fact, correct. *The Northern Whig* is an independent private company owned by the Cunningham family and is not owned by Mr Thomson as our article implied.

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Left and Right is not Enough



Bonham Carter



Bannerman



Mr G. in the Heart of Midlothian



Thorpe



Bonham Carter

FROM OUR SPECIAL CORRESPONDENT

MARY QUEEN OF SCOTS would have found it depressing, but the Liberals, as they converged on Edinburgh last week for their annual *talkfest*, with the international storm clouds gathering and a thin drizzle of national rain wrapping the city in a pall of grey, were expectant and gay. As they flocked in unprecedented numbers into the Usher Hall—built in 1914 when Mr Asquith was Prime Minister—nothing could dampen their spirits: not even a row of *Daily Herald* posters which were someone's idea of suitable platform decoration. Earnest, enthusiastic, dedicated, they were assembling to give the face of Liberalism a final polish to dazzle the supposedly watching electorate. Eminently respectable, without a beatnik or a horny hand showing, they looked comfortably middle class; and later betrayed their precise social origins by cheering wildly not for liberty or for justice, but for the abolition of snobbery and class barriers.

Visually the party is beginning to look much more balanced, and is matching appearance with behaviour. Telegrams were despatched to the usual totems—Lord Samuel, Lord Thurso, Lord Beveridge; and one very alive, brilliant and sparkling one, Lady Violet Bonham Carter, turned up on the platform. But, on the whole, the elders were content to stay away and let the leadership pass to younger hands. Mr Jo Grimond, urbane, charming, good looking and eloquent, was suitably balanced by the new president, Mr Edwin Malindine, a businessman and veteran candidate, a down-to-earth figure whose job was to appear to anchor the proceedings to reality. Behind them were ranged the technocrats, Mr Byers, Mr Bonham Carter (although he is an intellectual as well), Mr Wigoder, and others, who have streamlined the party—flattening a number of stalwarts in the process—men who know their minds and can act and speak with authority. Seated beside them, less of an organisation man but no less ruthless, was Mr Jeremy Thorpe, who made the outstanding speech of the assembly in support of Britain's entry into the common market, and who is regarded by some as heir apparent and by others as heir presumptive.

These in turn were backed by solid ranks of men and women in their twenties and thirties, who have genuinely and unselfishly thrown in their lot with the party and include a high percentage of those fiery enthusiasts who were close to the heart of John Morley, but whom Bagehot found so tiresome. Mr Richard Moore, secretary of the Liberal International, is their acknowledged doyen. He scattered a fine shower of Miltonic sparks on behalf of the people of east Germany in the Berlin debate, and went on at the subsequent Liberal rally to lay bare his faith and history for the

public edification (he is Mr Gladstone's grandson). These are the seasoned staff officers of the future and they have been joined by such promising recruits as Mr Julian Grenfell, a windfall from the Bow Group.

There were also—and what Liberal conference would be complete without them?—the comic turns. Mr Oliver Smedley overdid his usual free trade act: Mr William Douglas Home provided some posthumous light relief by resigning from the party on the eccentric ground that he was called to speak only once: Mr Simon Nott unmasked the common market as a Vatican plot: and a twice-defeated Conservative convert candidate, in a moment of lucidity, spoke of the party conference as the most loathsome form of political organisation perverse man had yet devised. But these characters came from the fringe, and were promptly pushed beyond it by the main and impetuous Liberal stream.

THIS year the party took another sharp turn to the left by coming out in favour of central planning, local development agencies and regional education boards. It called for reform of local government finance and more penal reform (including the provision of productive work for prisoners and compensation for victims of crimes of violence). Liberal support for entry into the common market was confirmed; and the shade of Adam Smith, who lies buried in nearby Canongate, was appeased by tacking an amendment to the main resolution stressing that the market was only a first step to wider free trade. Opposition hopes were pinned on Miss Manuela Sykes, who is supposed to combine the qualities of Mme Defarge with those of Mrs Barbara Castle, but she proved feeble and disorganised.

Two anodyne emergency resolutions were put forward, one on the United Nations, the other on Berlin, but at least the temptation to scoop up the disgruntled teachers' vote was avoided. The Berlin resolution, which called for a firm stand and negotiations to safeguard the city's freedom, was clearly too vague for the delegates' taste. They demanded—not particularly originally, since the suggestions had all been made by Mr Grimond earlier—the inclusion of specific proposals such as the *de facto* recognition of east Germany, acceptance of the Oder-Neisse line and the stationing of United Nations bits and pieces in Berlin. All these were resisted by Mr Bonham Carter, the very reincarnation of Sir Edward Grey, as if he were already in the Foreign Office. But he had to do a half bow to the floor and accept the amendment on *de facto* recognition with his own personal addendum attached.

All this, plus the nasty things that people had been saying about Germany, was too much for the Free Democrat fraternal delegates, and they flounced off back to Bonn. Despite their pique, events now seem to be justifying the amenders. The Liberals are clearly determined to be proved right, right, right and right again.

But in politics to be right is not enough, and few at the assembly seemed to be aware that the tide may have gone out without taking the Liberal boat with it. Certainly the expectancy of last year of an immediate dissolution of the Labour party and a consequent realignment on the left has gone; but the seriousness of the Liberal failure to achieve a breakthrough despite successes in by-elections and local government elections did not

appear to have sunk in. If the conference was intended to show that the Liberals themselves believe that within the next decade they can really form a government, it more or less succeeded. But the point is: do the electors believe it? To generate such an act of faith, hope and charity requires more than an annual display of heady enthusiasm and optimism. A help would be if the tiny Liberal parliamentary party could start acting at full instead of at half strength. But even so the ineluctable fact is that the Liberals are still dependent on events for their big chance: and *that*, despite the savage anti-Tory sentiment of the delegates, is only likely to occur if the detested government is returned to power at the next election, and the decline of socialism then really does begin.

Northumbrian Vision

FROM OUR SPECIAL CORRESPONDENT

THE north-east coast of England, with its industrial clusters on Tyne, Wear and Tees, its scattered grey mining villages, and its wild encircling moors, is one of the most distinctive regions of Britain. Its 2½ million inhabitants (a population the size of Wales) sometimes feel neglected by the London policy-makers. They live off the main industrial axis of England (although linked with the south by excellent trains and a developing air service), but lack the special patriotism or nuisance-value which strengthens the industrial claims of Scotland, Wales, and Ulster. All the same, the north-east, with development area assistance, has made a fair start in diversifying its industrial economy since the war. Now it needs to do more.

Northumberland has specially interesting opportunities, and its county council is now engaged on a vigorous campaign to realise them. Northumberland presents a fascinating contrast between the dense urban mass of Tyneside and the great open space, resplendent with fine ducal estates, lonely hills, and a hardly spoilt coastline, which start only a few miles from the centre of Newcastle. It is the county's aim to treasure this rural estate, while developing on its declining coalfield two new communities for overcrowded Tynesiders and for redundant miners. This vision cannot be realised unless industrialists, too, see the values of Northumbrian life.

The county council has at present to go it alone. This is because Northumberland (save for two small areas) has not so far qualified for assistance under the 1960 Local Employment Act. Nevertheless, it clearly needs more employment. The Coal Board, which inherited 70 mines, is steadily concentrating production in a dozen modernised pits, which may require only half of the 1957 labour force of 42,000 miners. Since shipbuilding may also shed labour, and since Northumberland has an above-average birth-rate, a faster rate of migration than the present 6,000 a year seems certain to occur unless new industry comes in.

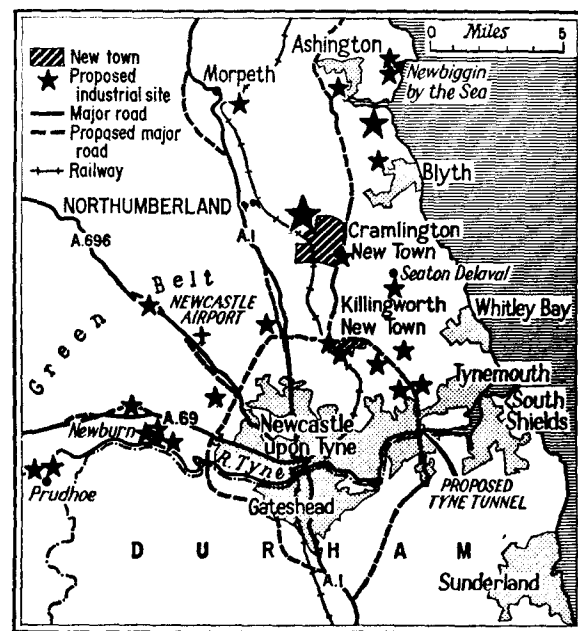
Local patriots complain that the advantages of living and working in Northumberland are too little known. One advantage is

a reliable labour force with a good record in honouring agreements. Before the war there was little work for women, but incoming industrialists have found female labour "unspoilt" and adaptable. Tyneside undeniably has its grim and squalid aspects, but Newcastle has streets and buildings of distinction (which badly need cleaning), good shops, and a growing cultural life. Perhaps the most impressive fact is that the greatest enthusiasts for life in Northumberland are executive and professional people who have moved there since the war.

The two "new towns" which the county council is promoting are quite unlike those elsewhere. The first, at North Killingworth, which is about to get started, is not really a new town, since it is only 7 miles from the centre of Newcastle and many of its 17,000 inhabitants will continue to work on Tyneside. The second and much larger new town at Cramlington, which is to have 50,000 inhabitants, is still at the planning stage. It has a slight resemblance to Peterlee, inasmuch as it will provide a new heart and centre for a declining part of the coalfield. Its most interesting feature, however, is that it is to be mainly developed by a private company, acting under the general control of the county council, and that much of the greater part of the housing will be built by private enterprise.

THESE new towns are part of a much wider strategy. The county council has the Minister's approval in principle to the creation of a closely restrictive green belt which will seal off the open countryside to the north and west of Newcastle. New development is to be concentrated to the north-east of Newcastle, in the declining coalfield area, and it is hoped that perhaps half of all private enterprise housing on North Tyneside will be concentrated at Cramlington.

This is a bold plan which leans on certain special circumstances. One is the ability of private builders, helped by lower land



costs and more efficient labour than exist in the South or Midlands, to produce large numbers of houses for a price of £2,000-£2,500. So long as designs are improved (as the county council is now insisting), this advantage in building costs is a large point in the region's favour. A second factor is the chumminess of Tynesiders which (coupled with colder springs) makes gardening less of a fetish and reduces the pressure for urban spread. Cramlington is intended to have a net residential density of 53 persons an acre, which means much denser development than would be acceptable in the south. North Killingworth (mainly a public housing project) has the higher density of 63, which will involve a considerable proportion of flats.

Even so, present plans for guiding urban growth are not really adequate. It is hardly sensible for Newcastle to be building 16 and 20 storey blocks of heavily subsidised flats with so much open land on its doorstep. "Overspill" arrangements between the numerous local authorities are hanging fire, and the renewal of the older and uglier Tyneside housing is frustrated by local shortages of both finance and land. The richer Tyneside citizens live on the coast or in country towns like Morpeth and Hexham, but too much commuting of this kind would be a blow to the civic vitality of Tyneside. These problems seem to call for a more

integrated and perhaps more expansive approach to the growth of Tyneside than the county plan provides. The common interest of counties and cities in the north-east in industrial promotion has not yet been matched by any common effort to produce a worthy regional environment.

Northumberland's present plans certainly take some steps in this direction. A wise use of planning control is doing much to preserve the beauty of the countryside and market towns; and by becoming the first city to appoint a planning officer as one of

its chief officials, Newcastle has recognised its potentiality as an attracting regional centre. The county's plans, however, in particular its plan for Cramlington new town, depend closely on the attraction of industry. With new industries, Cramlington could offer a good life to many Tynesiders or miners who will otherwise drift south or remain unemployed; without industry, it might become a rather inconvenient dormitory settlement. The county's programme rather slips between present Government schemes of help, but it may be that these

schemes, introduced in 1960 in the belief that the old forms of help had been too unspecific and wide-ranging, have in the event proved too piecemeal and shortsighted. It is surely wiser to help industrial development at the best growing-points in a region than to seek too localised a remedy for unemployment; and it is also germane that Northumberland, without Government new towns or expensive housing subsidies, is working hard to retain people who (in devious ways) may cost public authorities a lot more if they go south.

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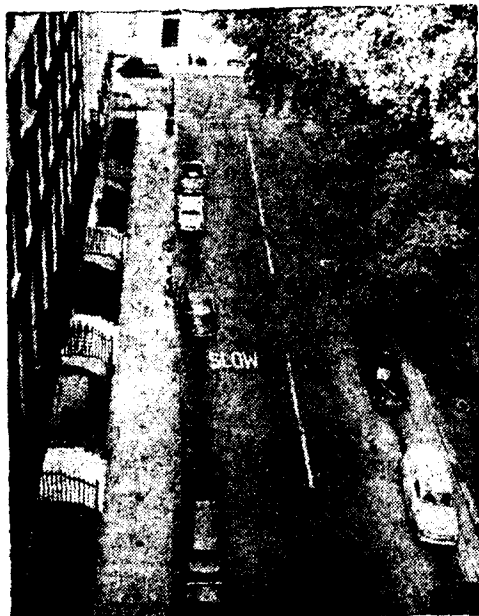
Metric Matters

FROM OUR SPECIAL CORRESPONDENT

AS street furniture, parking meters do not rate highly, but the primary interests of the Ministry of Transport and the local authorities are not aesthetic. The meters' purpose is to return the streets to their "true function"—the passage of traffic—by minimising obstruction. Profits from their working are to be devoted to the provision of off-street parking.

Westminster has now had its meters for over a year and the results are instructive; parked traffic has been reduced by 50 per cent, income has exceeded expenditure by £85,000 and congestion (as measured in journey times in the central area) has been reduced by 9 per cent; during the same time a large number of wardens received employment in supervising the meters, and no off-street parking was provided. Parkers deprived of their normal places have overflowed into streets outside the "C" zone, thus shifting rather than removing congestion. Worse still, several buildings in the area have been completed without any provision to accommodate the extra parking demand created.

WESTMINSTER has been followed in London by St Marylebone and three other boroughs, and in the provinces by Brighton, Bristol and Manchester. Everywhere the meters have gone they have been opposed, sometimes unreasonably (as in Woolwich, where a multi-storey garage was provided at the same time). The latest row, over plans to extend the controlled areas in St Marylebone, has produced probably the biggest flurry of local politicking yet. The residents in the area affected, between George Street (below which, as the map shows, meters are already installed) and the Marylebone Road, are not so acquiescent as the borough council had hoped about the prospect of another 1,300 meters outside their front doors. Even so, the protests that have fallen thick and fast on the ministerial desk were brushed aside this week and a public inquiry has been refused.



St Marylebone: dignity and serenity

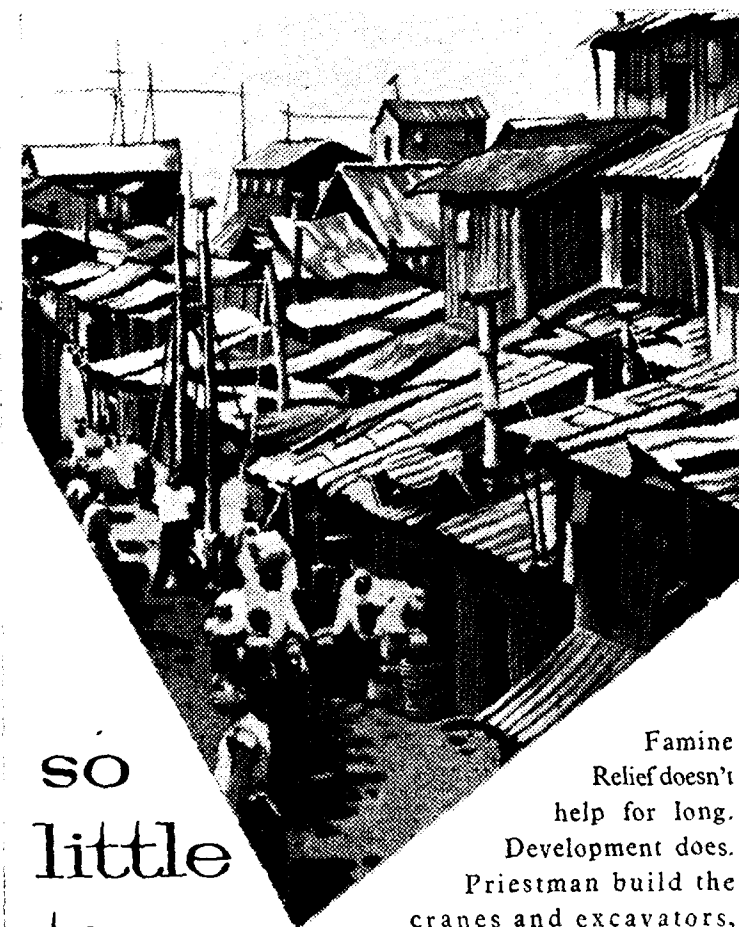
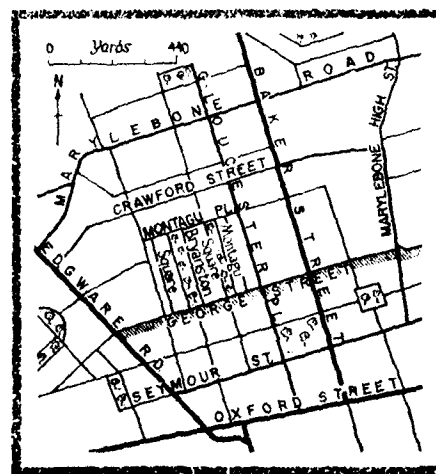
From their residences of dignity and serenity west of Marylebone High Street the protesters first asserted that the meters would inflict considerable inconvenience. The Ministry replied that no special privilege on the roadway attaches to residence next to it. The residents countered with the proposition that, should the meters succeed, their quiet squares would be exposed to the nuisance of out-of-borough commuters; and, should they fail, the rates levied for their installation would be so much wasted money. (It remains to be seen what effect parking meters will have on rating revaluation.)

A COUNT of parked cars in Bryanston and Montagu Squares in the peak times (about 12 noon and 3 p.m.) suggests that the meters may succeed, at the cost of driving between 100 and 120 cars into other, less accessible areas (thereby possibly creating a flow problem where none at present exists) and failing to lessen

present obstruction (since meters will be installed where cars already park—and they will be, in the two areas most affected, 5-hour meters).

The meter scheme was suggested at the same time as another traffic improvement by which Baker Street and Gloucester Place will become one-way streets, at a cost of £40,000 (of which £12,000 will come from the borough's rates). The council members were not unanimously in favour of either scheme, and the whip was put on to the Tory majority to ensure a beginning. Two Tory councillors have since become convinced that both schemes are against their ratepayers' interests and have threatened resignation; and they are backed by the Labour opposition. The Automobile Association, which in principle supports meters, has added its voice as far as the area west of Baker Street is concerned.

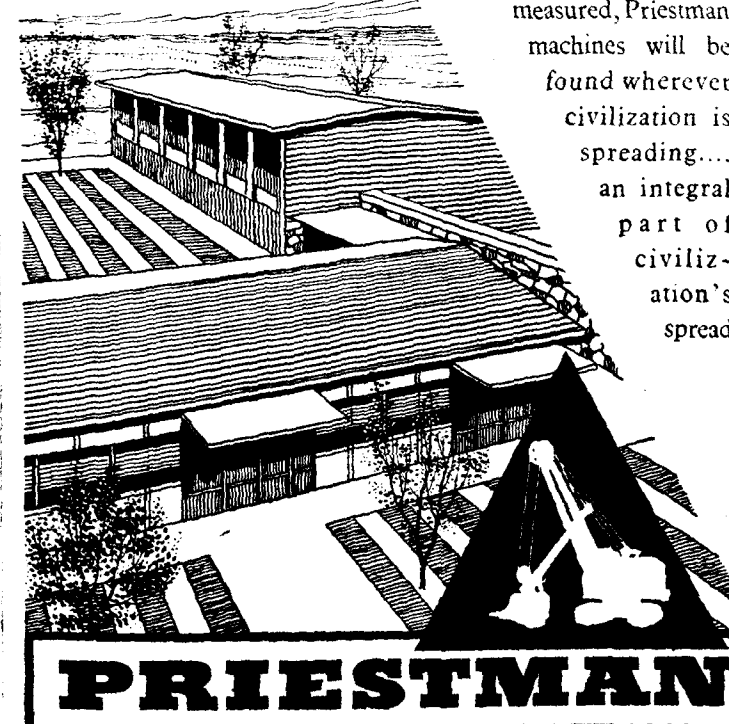
The real question is whether the Ministry and borough councils regard meters as a complete solution in themselves or whether they are fitting them into integrated and broader long-term plans. The Marylebone protesters have a case: just off Bryanston Square another large building has gone up without any provision for extra parking.



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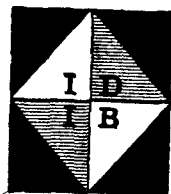


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AMERICAN SURVEY

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Questions of Credibility

NEW YORK

THE apocalyptic parts of President Kennedy's address to the United Nations General Assembly this week accurately reflected most Americans' notion of what Armageddon will be like if it comes. Mr Kennedy said that we must all contemplate the day when this planet will no longer be habitable and that this generation may be remembered (but by whom?) as the one that turned the earth into a flaming funeral pyre. But although the Public Health Service plans to begin this very autumn training at least one person in every family in "basic medical procedures, like radiation fall-out protection," hardly anyone seems really alarmed. There has been no discernible rush to buy items like portable, pocket-size kits to measure radiation ("now . . . you can survive radiation fall-out") that are being advertised by firms with names such as the Radiation Survival Corporation and Survival Products Inc. Not a single member of either Mr Kennedy's cabinet or the National Security Council has built a bomb shelter for his loved ones. One reason may simply be that the majority of the President's fellow Americans doubt whether they would survive anyway. Forty-three per cent said recently, when questioned on behalf of the Gallup Public Opinion Poll, that they believed their personal chance of living through an all-out nuclear war was poor and another forty per cent rated theirs no higher than fifty-fifty.

It ought not to be inferred from this by any non-American, and least of all by Mr Khrushchev, that most Americans expect soon to be either dead or red. The real reason they are proving so unflappable is that, while they do not think much of their individual chances of surviving a nuclear war, they do not yet seriously believe that there is going to be nuclear war to survive. They hope to avoid one by standing immovably in the path of whatever Hitler-like conquests Mr Khrushchev may have in mind, though not in the way of reasonable negotiations concerning any fears he may entertain regarding his own country's future security.

Most Americans (sixty-four per cent, according to the Gallup Poll) think that the United States and its allies should fight their way into Berlin if the communists close the land routes and the airways. Heart and soul they agree with General de Gaulle that truckling to dictators means that you start out giving your hat, then you give your coat, then your shirt, then your skin and finally your soul. They would add that you then probably find yourself in a world war anyway. All the same, well-informed Americans, including some top officials in the Kennedy Administration, are seriously worried about a nuclear war breaking out because of Mr Khrushchev's inability or wilful refusal to believe that his opponents really would fight. Some rate the chances of war from this cause as the same as the chances of individuals surviving it: fifty-fifty.

One disgruntled view is that Mr Khrushchev's scepticism springs from the alleged lukewarmness of America's allies. The United

States, it is said, has a quarter of a million soldiers in Europe, but the Europeans in the North Atlantic Treaty Organisation continue to drag their feet. It is also said bluntly that America is willing to fight a thermonuclear war if need be, but her allies are not. Among key figures in the Administration there is real appreciation of the frightful dilemma with which thermonuclear war confronts America's allies. But this might wilt if popular resentment in America against the allies' alleged dragging of their feet were to be turned against the Kennedy Administration itself.

THERE is danger of this happening now. The Republicans claim that Mr Kennedy is also to blame for Mr Khrushchev apparently not having got into his head the all-important message that America is really determined to fight a nuclear war if pushed too far. The President said in his letter to the neutral countries after their meeting at Belgrade that the United States will meet force with force. But the Republicans insist that Mr Kennedy lacks "nuclear credibility" despite America's nuclear capability. Mr Khrushchev has thus now received a sort of assurance from Mr Kennedy's domestic political opponents that, when he professes to disbelieve that the man he met at Vienna possesses the will to wage nuclear warfare, he is in fact quite right. Consequently President Kennedy had to insist yet again, in his speech to the General Assembly, that "the United States has both the will and the weapons." But he also voiced this misgiving:

Every man, woman and child lives under a nuclear sword of Damocles, hanging by the slenderest of threads, capable of being cut at any moment by accident or miscalculation—or by madness.

It may be an exaggeration, but probably not too wild an exaggeration, to say that madness of a sort is what the Kennedy Administration most fears in Mr Khrushchev and his military chiefs. The Soviet Prime Minister, some American officials feel, may have become too deaf politically to catch even the loudest warnings coming from the West. Mr Kennedy told the General Assembly that "we shall never negotiate out of fear, and never fear to negotiate." But many Americans are apprehensive that western willingness to negotiate may be interpreted gleefully by Mr Khrushchev as their bowing before what he has called "the tide of events which reflect the natural development of society." He might therefore simply be emboldened to go on demanding concessions and planning for more communist gains by encouraging communist onslaughts on weak points and exposed salients. Mr Kennedy went out of his way at the United Nations to draw attention to the dangers in the Far East, where American "special forces" are increasing their strength and their preparations to act as guerrillas behind the enemy lines in countries that are overrun by communist forces. Mr Khrushchev, in short, is suspected by Americans of being dizzy with success, and even the sober *New York Times* declares that he "resembles Hitler more clearly every day."

Meanwhile, Mr Kennedy has spent a lot of valuable time listening patiently to the leaders of new nations explaining their devotion to freedom and self-determination, as well as their need for aid. But Americans note wryly that self-determination, which is so important for non-Europeans to have, is apparently not regarded by them as quite so essential for Germans; Americans also wonder why American, but not Soviet, embassies get stoned

when nuclear weapons are being tested (Mr Art Buchwald has suggested it is because American embassies have more and bigger windows). The conference of the uncommitted countries at Belgrade and the softness of their protest against the Russian resumption of nuclear tests were considerable disenchantment for the United States. Further rebuffs may be in store, with the China issue at last, after ten years' postponement by the United States, being debated in the General Assembly, and the Russians pushing hard with their "troika" concept, both for control of disarmament and control of the United Nations. Mr Khrushchev hints exuberantly that he may drag the United States to a summit to solve the Berlin problem, promote disarmament, reorganise the United Nations Secretariat and admit mainland China, in a series of simultaneous equations devised by himself and involving acceptance on his terms.

Some counter-move was plainly called for if Mr Khrushchev's over-confidence was not to gather still more dangerous strength and if the Kennedy Administration was not to risk losing the tide of popular American support that it still enjoys. This week at the United Nations President Kennedy served notice on both the Russians and the neutrals. He used words about the former which recalled angry Russian-American dialogues out of a past that he had hoped, when he came to office, to bury. He was gentler with the neutrals, but his intention was plain. He was testing the credibility of their long and loud professions. He invited them to take part in a decade of development at the United Nations, to save their international organisation from the fate that threatens it and to act as scrutineers of a genuine "complete and general" world disarmament. The United Nations, Mr Kennedy said, "will either grow to meet the challenge of our age—or it will be gone with the wind." So in that case will both self-determination and the freedom to be neutral.

The House Has the Last Word

WEARY, disgruntled and frustrated, a handful of Senators rang down the curtain at dawn on Wednesday on the longest session of Congress for ten years. The House, or what was left of it after a good many members had quietly slipped away home, had adjourned two hours earlier, leaving the Senate no choice but to accept the supplemental appropriations Bill which was the final piece of business. This meant swallowing last-minute changes inserted by the conservatives of the appropriations committees; these will subject a number of domestic programmes, which were to have been financed by borrowing from the Treasury, to the annual approval of Congress. It was a characteristic conclusion to a session in which the conservative House has, more often than not, had the last word.

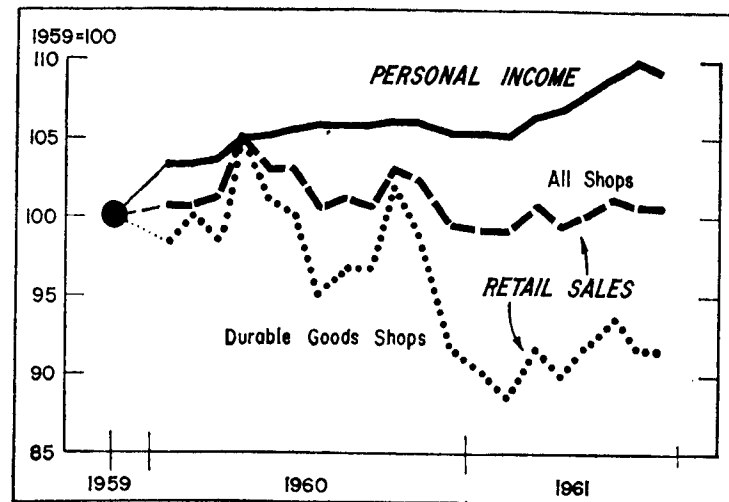
The appropriations for foreign aid, the main stumbling-block to adjournment, are no exception to this rule. The compromise figure of \$3.88 billion in new funds which was finally reached is slightly closer to the \$3.66 billion voted by the House than to the \$4.2 billion voted by the Senate; it is only about \$100 million higher than last year's appropriation; and only by adding in some unspent balances from last year and the \$30 million for the Peace Corps is the total brought to the \$4 billion which was the Administration's minimum figure and for which the Senate conferees fought hard. Originally the President asked for \$4.8 billion, of which \$4.25 billion was authorised. Fortunately, however, the money for development loans in the first year of the President's five-year programme, at \$1.1 billion, is very little below the \$1.2 billion which the President asked to borrow from the Treasury in the happy days when he imagined that Congress might free him from the need to submit development loans to its annual scrutiny. Mr Kennedy, who himself has been casting increasingly critical glances at the

neutrality of the neutral countries, can hardly object to the Senate's instructions that, in administering foreign aid, consideration should be given to nations which share the American view of the world crisis.

The man at whom these instructions were directed, and who is to administer the whole foreign aid programme, now reorganised and rechristened the Agency for International Development (AID), is Mr Fowler Hamilton, a lawyer with a varied experience of government service on whom the Administration's talent scouts have long had their eye. Originally it was expected that he would succeed Mr Allen Dulles as the head of the Central Intelligence Agency, but the difficulty of finding a man who was both able and tough enough to run AID, and acceptable to congressional liberals as well, caused the Administration to change its mind. Instead the reorganisation of the CIA, whose reputation has suffered recently, particularly over the Cuban affair, will be presided over by Mr John McCone, the able Republican industrialist from the west coast who for the last three years of the Eisenhower Administration was chairman of the Atomic Energy Commission.

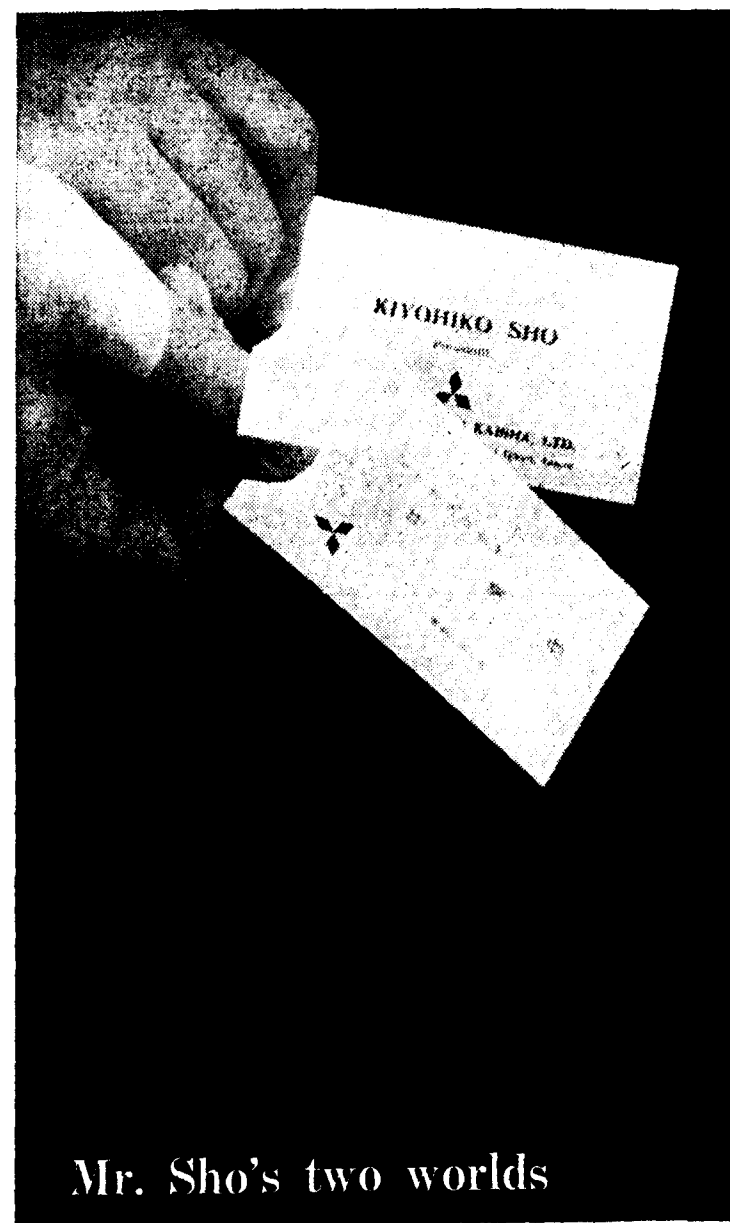
Inconspicuous Consumers

THE tide of recovery is continuing to run strongly, but shopkeepers are beginning to wonder when it is going to reach them. Industrial production rose again in August to a new record, investment by business firms in plant and equipment is turning up in the present quarter and personal income was about \$14 billion higher in August—at seasonally adjusted annual rates—than it was in August, 1960. Indeed, personal income has been rising steadily since February, with the exception of August itself, and



this "fall" took place only because the figures for July were bumped up by a special dividend from the government on servicemen's life insurance. If this is disregarded, there was an increase of about \$700 million, at annual rates, between July and August, though this was a smaller rise than the two preceding ones, mainly because of the changeover to new models in the motor car industry.

Yet with all this money jingling in peoples' pockets, shopkeepers did not do better in August—instead they did slightly worse—than they had a year earlier. Sales of durable goods such as motor cars and appliances and furniture have been taking the hardest knocks. Retail trade in general has held up, but it has not provided any strong force for expansion as yet this year—something for which economists, who fear the reappearance of inflationary pressures, are thankful. One explanation is that it is normal for such sales to lag behind in a recovery. Ordinary people are not as quick



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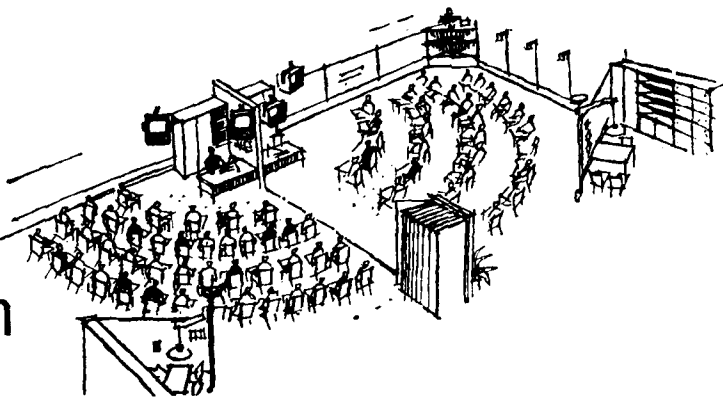


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as businessmen to realise that the tide has turned—particularly when there is still so much unemployment about. Those who have more money like, as a precaution, to replenish their savings and pay off some of their hire purchase debt. As recently as July more consumer debt was paid off than was incurred. Optimists among retail traders believe, however, that all this means that the scene is set for a big autumn buying spree. After all there is little temptation to go shopping on hot summer days and many families have been away on holiday. Purchases of motor cars, moreover, are usually put off until the new models are available; judging from the difficulty in getting the men back to work under the new settlement in Detroit, this may not be as soon as was hoped. Some observers, however, are attributing at least part of the lag in the shops to something that crisp autumn days will not drive away: the increasingly large share of peoples' spending which is being absorbed by services, in which are included such things as tuition fees, holidays and recreation. In 1954 services absorbed 30 per cent of personal income after the payment of taxes. Now the figure is about 40 per cent.

Teaching by Television



WASHINGTON, DC

EARLY this month some 43 million young Americans went back to school. Up to three million of these will receive a proportion of their regular teaching from a television screen, generally mounted shoulder-high in a corner of the classroom, with the "live" teacher standing by to provide explanations—and tests—afterwards. But though Educational Television—ETV for short—is growing like a mushroom and Congress has held extensive hearings on a Bill to provide federal grants to foster it, there is an almost complete dearth of statistics on how far it has penetrated the educational system. Nobody knows how many pupils look in on the television teachers, or for how much of their time. The United States Office of Education has no authority (or funds) to make a survey; and the state educational departments do not require returns from the local school boards.

The stations on the air know how many schools subscribe and how many of their children participate, but non-subscribing schools can, and do, tune in, though they do not get the special manuals and other aids supplied to subscribers. All that can be said with certainty is that 54 ETV stations are telecasting, with ten or twelve more shortly coming on the air, compared with one in 1954 (and a possible 268 if all the channels set aside by the Federal Communications Commission for non-commercial purposes were

used). Perhaps 7,500 elementary schools and high schools in 26 states use ETV for parts of their curriculum—but the extent to which they do so varies enormously. (These figures omit the extensive use also being made of ETV for university purposes).

In seven years ETV has gone well beyond the experimental stage. It is used to instruct in almost every subject and is not confined to science teaching, where the element of visual demonstration has obvious relevance; this is often as far as television goes in European schools. In America it is used to teach languages, history, reading and "social studies" among other things; large claims are made for it—by enthusiasts, almost unbelievable claims. The primary object, which has been achieved in some areas, is to relieve the growing shortage of teachers, and more particularly the shortage of teachers in subjects like mathematics and science. But ETV is also a means of spreading the classroom impact of the inevitably small minority of outstanding teachers in all subjects.

The Ford Foundation has spent millions of dollars in studying this new educational tool, by far the most important of the many learning and teaching machines now being developed. The results of these experiments purport to show that the performance of pupils taught by television is as high, and in some instances higher, than those taught by conventional methods, and almost every subject in the curriculum is included. These

Civil Rights and Wrongs

IT looks as though the Freedom Riders have reached at least one of their destinations, even though some of them are in prison or out on bail while they appeal against their sentences. Last week the Interstate Commerce Commission issued a new set of rules designed to make racial segregation on interstate public transport impossible (it is already theoretically illegal) by putting the burden of compliance upon the bus companies. In the past individual Negroes have had to bring complaints, but after November 1st privately operated bus stations and terminals that make the races use different waiting rooms, restaurants and lavatories are to be boycotted by boundary-crossing buses. In addition these buses will have to carry notices saying that "seating aboard this vehicle is without regard to race, colour, creed or national origin." At the same time reminders have not been lacking that many other fields remain to be won, even in Washington. The Attorney General, Mr Robert Kennedy, the President's brother, on whose

results are hailed as particularly encouraging because they are based on what are still thought to be rather primitive uses of the new medium, which in the main copy the traditional classroom situation somewhat slavishly and have not yet begun to exploit either the vast bank of videotape and film records which will be built up or the full flexibility of the system.

Only a limited number of teachers have learned to make the best use of television. It is claimed that ETV permits teachers to plan courses more carefully and gives them more time to answer questions and to help individual pupils in trouble. More than this, it is claimed that in skilled hands ETV elicits a far more active approach by pupils than does a droning schoolmarm. They discuss, debate, and read up the subject more vigorously, they write better English, the school library is patronised more, not less. With enough ETV, it is predicted, the standards of American education, which have been under fire since 1957 (when the first sputnik was sent up), will rise rapidly.

Other great advantages are claimed. Ideally, the school using ETV will be built on the open plan; when the television programme is on, classes of 300 or more will look in, and then revert to smaller groups headed by live teachers. This will save both teachers and building costs, it is maintained. Nor need the school be dependent only on an outside educational programme: already about 150 schools or (as in South Carolina) groups of schools have closed circuit systems of their own; this of course is common in universities. School broadcasts are also expected to improve adult education, make instruction at home for incapacitated children easier and "enrich" the teaching of rural schools especially. The word "enrich" is ever on the tongue of the television-struck educationists.

The earlier opposition of teachers has faded; they now see in television a new expertise which, by raising their productivity, will also put up their wages in accordance with the economic pattern familiar in industry. They might be more Luddite-minded

petition the ICC acted, has resigned from the Metropolitan Club, a celebrated institution which continues to refuse entry to Negroes either as members or guests.

The Civil Rights Commission, following up its report on Negro voting, has also issued its report on the schools; this notes that progress toward racial desegregation has been proceeding at a snail's pace since 1959, that compliance remains merely token through much of the South and that even in the North and West segregation in housing produces segregation in the tax-supported schools. To speed up the dismantling of the colour bar the commission urged Congress unanimously to require every school district where racial segregation is practised—there are still over 2,000 in the South—to submit plans to the federal government within six months for its first step toward ending this state of affairs. The commission also wants the government to use its power of the purse to help local school systems which try to integrate their schools, sometimes at the cost of losing aid from their state governments. And it would like Washington to crack the financial whip by withholding aid from tax-supported schools and colleges which

if they took seriously the dreams of some enthusiasts for "total television teaching," in which 40 teachers of genius would reach every school-child in the United States over a totally automated and centralised ETV. But this is still dismissed as science fiction—though it is interesting that the bitter opponents of federal aid to education, who argue that federal regimentation and thought-control of American youth would accompany the power of the purse, are perfectly happy to hand over that education to relatively large ETV authorities, many of them influenced by special interest groups.

ETV may well modify the traditional American control of education by the local school board and parent-teachers associations. The Mid-West Airborne Television programme, for example, uses an aircraft to telecast schools programmes which are picked up in many counties of five states—Illinois, Michigan, Indiana, Ohio and Kentucky. Developments of this kind cannot fail to have a centralising effect. It will not be possible for local bodies to prescribe courses or even (as they sometimes do) textbooks; the trend will be to larger units. ETV may even ease, ultimately, the vexed issue of aid to education, bedevilled as it is by religion, as help to pay teachers' salaries becomes less urgent.

THIS, however, brings up the question of cost. The electronics industry, hungry for new orders, becomes understandably lyrical about the cheapness and economy of ETV and so do architects and the would-be builders of an entirely new type of television school. But few stations are yet financed adequately. A suitable station's capital cost was put in recent Senate hearings at about \$500,000 and running costs would be from \$100,000 to \$200,000 a year. This is \$5 a child in some areas.

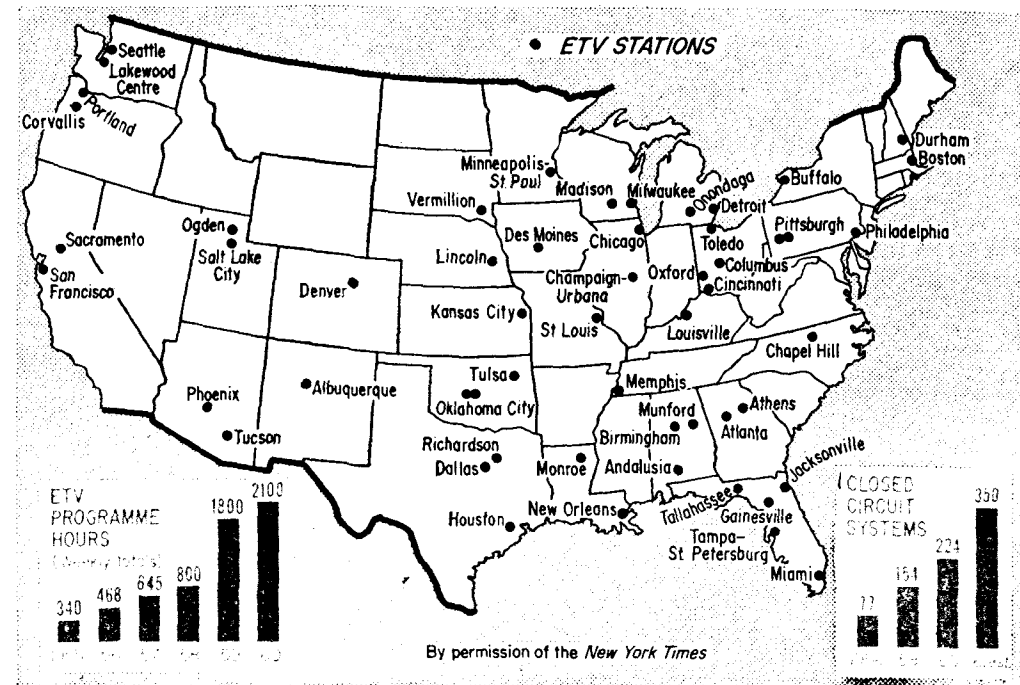
The proposed ETV Bill would provide states with only about \$1 million in federal aid over five years. Local borrowing would therefore be needed on a large scale. Moreover, such a station has limitations: as it can only telecast a single programme, it cannot

cover a very wide part of a curriculum that must embrace all twelve forms. To widen this coverage, it is necessary to lay coaxial cables capable of transmitting six or more school courses simultaneously; such costly installations are needed if the full possibilities of ETV are to be exploited. Perhaps only if this is done will the drawbacks be fully realised.

Some educational bodies purchase time from commercial stations to telecast school courses, but normally a non-profitmaking association is set up, according to FCC requirements, to operate an ETV station. One third of existing ETV stations are owned by representatives of local community bodies, one third by universities and the rest by school systems or state commissions. Their income comes from private subscriptions, state grants and industrial endowments. The operating budgets of these associations now total \$11.7 million a year.

The development of American ETV has gone far enough to justify an objective survey

of its claims by European educational authorities for their own guidance. Nothing however can be taken for granted; too many vested interests are at work. Because there are in the United States few external examinations in the English or French sense, it is far from certain that the comparisons of ETV and classroom teaching have any general validity. There are signs that when television teaching takes more than a certain proportion of school time, children get tired of it. ETV has, furthermore, been introduced into an educational system in which 20 per cent of the teachers are untrained, and the training of the remainder is rather in methods and the psychology of child behaviour than in the subject-matter to be taught. It is hardly surprising that they welcome the aid of ETV or that the results apparently compare well with those of classroom teaching. But this may mean no more than that ETV is raising standards in schools (and in teacher training colleges) that many respected American educationists declare are still woefully low.



Push-button Pork

FROM A CORRESPONDENT IN DENVER

HAM and eggs are about to flow off the assembly line. Two large, well-financed and carefully-planned projects in Colorado are the newest outposts in the constant advance of automatic methods of producing food. Each is unique so far. Each means stiffer competition for the old-fashioned "dirt farmer."

At one the plan is ultimately to produce 1,200,000 hogs every year under completely regulated, germ-free conditions, from their conception to their slaughter. They will spend their whole lives without ever seeing the sun or sniffing fresh air, in an environment closely controlled to ward off disease and to promote growth. The Agricultural Research Development Corporation of Denver based this project on ten years of experiment by experts in animal husbandry who argued—and proved in their laboratories—that any means, however costly, of eliminating disease and dirt would be worth while because they take such toll of the profits of people who raise hogs by ordinary methods.

A windowless plant to apply these ideas is getting under way on the high plains 60 miles north-east of Denver. Here the pigs, produced by artificial insemination, taken from their mothers before natural birth and nurtured for their first four weeks in sterile incubators, are housed on concrete floors gently heated from below, in 12-pig "apartments" under conditions resembling those of luxury hotels—for hogs. They enjoy a uniform temperature of 70 degrees with humidity at 50 per cent, and eat a vitamin-rich diet designed to produce lean meat rather than fat.

The original producers chose their site in Colorado for a number of good reasons. Hogs had never been grown there, which reduces the chance of lingering infections, and the low humidity discourages such diseases as rhinitis and pneumonia. Finally, the state produces only about 40 per cent of the pork sold within its borders. But the corporation also sells franchises for the complete process—of



which two have already gone to large hog farms in the south-east—for \$575,000 each. For this sum the corporation will provide the buildings, ranging from the nurseries to the farrowing and pork-production units, complete techniques and 1000 germ-free young sows. It will buy all the hogs produced and will market the meat under the trade name of "Hi-Lean," naturally at premium prices.

The second automated project is that of Gates Cyclo, Inc., a \$500,000 enterprise designed to produce 80,000 eggs a day under equally revolutionary conditions. In even the most modern existing egg-battery operations, the attendant goes to the hens, which are housed in stationary cages. The new idea is to make machinery move the hens past the attendant. The unit is circular. A structure capable of housing several thousand hens, in individual cages seven tiers high, is suspended from a central pole which turns it slowly in merry-go round fashion past a central working-point. For two minutes in each hour a hen's cage is opposite food-and-drink troughs; for the other 58 minutes the hens have nothing to do but talk to their neighbours and lay eggs.

The eggs roll into a trough in front of the moving cages and the operator picks them off as they come by, using a ladder to reach the higher tiers. Droppings fall through the wire-mesh floors of the cages to pans underneath and are scraped off automatically. Nothing is wasted; the droppings are treated and sold as fertiliser. Sterile conditions are emphasised, though not as rigidly as in the pork plant; neither company encourages visitors. At night the whole business is turned off for 10 hours and left motionless and dark. A pandemonium of hungry cackles greets the morning light even though it is artificial.

The hens are specially-bred hybrid egg-layers and, when they cease to produce, are sold quickly for stewing. The plant, which is north-east of Denver, will house 100,000 hens who will, by past experience, produce 80,000 eggs a day to be cooled, cleaned, washed and sent to market. An experimental unit which has been in operation for over a year accommodated 5,000 hens. The commercial one will be even more automatic and eight of the huge merry-go-round cages will be in continuous production with a crew of only five men in all. The Gates Rubber Company, the sixth largest rubber company in the country, is supplying the capital for the mammoth egg-layer, which can turn out top quality eggs much more cheaply than the older-type batteries that were already making competition harsh for the farmer who raises a few hundred hens as a sideline.

Ships in Conference

PROTESTS from a number of maritime countries, including Great Britain, have greeted the shipping Bill which Congress has just sent to the President. Its purpose is to legalise permanently the use of dual-rate contracts by shipping conferences. For forty years these conferences—voluntary groups of ocean carriers which serve common routes—have been setting rates and giving substantial discounts to shippers who guarantee to send all their goods, or a stated proportion of them, by steamship lines which are conference members. This system was endangered in 1958 when a decision of the Supreme Court suggested that it contravened the American anti-trust laws, but American shipping lines have had permission to participate in it under interim legislation. This authority expires on October 14th.

The objection of maritime countries is not to the underlying purpose of the measure, but to a provision which requires the Federal Maritime Commission to disapprove any conference rate which is "so unreasonably high or low" as to be detrimental to American commerce. This is one of a number of efforts in the Bill to protect American shippers and independent shipping lines; for example, it requires that the spread between contract and non-contract rates may not exceed 15 per cent. But to the domestic critics of the Bill—and particularly to the Department of Justice—the fault of the measure is that it does not go far enough to curb alleged malpractices. The Bill originally passed by the House was much more severe but in the Senate three key anti-trust provisions were removed; so was another, which caused great indignation abroad, that called for the production of records from overseas.

A great deal will depend on how the Federal Maritime Commission administers the measure. If its interpretation leads it to far-reaching investigations of all rates, the maritime countries will feel that their protests were well founded. But those who suspect that the law is likely to be administered too much in American interests should consider the alternative: if the President, at the behest of the Bill's foreign and domestic critics vetoes, or simply fails to sign, the Bill American participants in shipping conferences will become vulnerable to court suits and the whole system of shipping conferences may be thrown into confusion until new legislation can be passed by Congress next year.

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LETTERS

European Venture

SIR—May I present some thoughts on the great issue of England joining the common market?

First, anyone in Australia with any reasonable appreciation of the facts realises that it is necessary for England to join the common market in order to survive economically. The first flush of spontaneous opposition arose mainly among those who disliked their ideas of traditional English history being changed. Also, quite a number of us here in Australia who have been quite content to sell our primary products to England and buy American cars with the money find it rather irritating that England has found a possible way of slipping out from under.

There is, however, a very large group, myself included, which is anxious lest the move towards the common market may weaken the ties, particularly the priceless traditional tie of the royal family, that have withstood the wars and depressions and stresses and strains of many centuries.

I see in the prospect of England joining the common market a further step towards the very necessary coming together of the countries we call the "western world," those countries having the same basic ideas of freedom—freedom of speech, freedom of political expression, freedom of religious worship.

If England can join these six countries, and still retain fairly close ties with the Commonwealth, particularly Australia and New Zealand, then a third factor of world-wide importance will be born. Both the United States and Russia have come to the same point in their thinking—they both recognise strength in the same way, something they must have themselves, something they fear in each other—and this new group of western European countries now feeling their way along the road of negotiation towards eventual coalition into a new world influence will receive respect and attention from the United States and Russia as the strength of the new coalition grows.

The next step for Australia and New Zealand appears to be towards the United States, the same forces applying to this move as are now pressing England into the common market. But if England can clearly see and present to the common market countries the advantages of retaining its Commonwealth preferences, at the same time as joining the common market, then our temporary move towards the United States of America may be halted in time to make Australia and New Zealand participants in the common market itself.—Yours faithfully,

Magill, South Australia JOHN L. PARSONS

Unilateralists

SIR—I must agree with your statement last week that the main policy of CND has been the "moral" gesture of scrapping Britain's bomb, but there are some people, of whom I am one, who believe that for Britain to renounce the use of nuclear energy for military purposes is much to be desired for "realistic" reasons. I mean by this the kind of reasons which influence the general staff when advising HMG on defence matters.

Those of us who think along these lines are convinced that to abandon nuclear weapons would substantially increase Britain's "power" in power politics in the nuclear age. Those who prefer what you call a "balance of power" dependent upon "a nerve-racking stalemate of terror," suffer from the delusion that in the nuclear age the main content of national power is still the amount of violence one can inflict on the enemy, even when it is admitted that the use of this violence will inevitably destroy what we want to defend.—Yours faithfully,

London, SW1

STEPHEN KING-HALL

*

SIR—No supporter of CND is likely to question the importance of the informal international meeting at the Russell Hotel, which managed to agree on a resolution calling for general disarmament. A "multilateral gathering," as you say—and the result of an initiative by Canon Collins, as you contrived not to say. As for the "tiny, pathetically forgotten band of moralists" on the San Francisco to Moscow nuclear disarmament march, it is not the supporters of CND who have forgotten them, not, at least, if they read their *Peace News* every week.

Your article "Sit Thou Still When Kings Are Arming" on September 23rd, implies that international activities of this kind are somehow alien to British unilateralists. On the contrary, they are as much expressions of the British movement as the marches and sit-downs that get most of the publicity. If they are not on a bigger scale, it is because even a modest venture abroad needs much bigger resources than a demonstration in one's own neighbourhood.

In any case, it isn't much good trying to export the disarmament idea if there isn't a flourishing home market.—Yours faithfully,

Cambridge

GEOFFREY CARNALL

Northern Rhodesia

SIR—In the comment entitled "Open Door" in your issue of September 16th, you state that the local authorities have done their best, by restricting his movements, to make Mr Kaunda's efforts for peace barren. There is in fact no ban on Mr Kaunda's

visiting the disturbed areas or anywhere else in Northern Rhodesia should he wish to do so.—Yours faithfully,

J. P. MURRAY
Commissioner for Northern Rhodesia
London SW1

[There is a ban on Mr Kaunda's party in the disturbed areas. He says it would be politically impossible to visit them with government approval while his party is banned.]

The Health Service

SIR—Doubtless Professor François Lafitte does not wish intentionally to mislead your readers. However, as one who took some active part in the BMA campaigning prior to the introduction of the health service, I am unable to understand his interpretation of the feeling of the medical profession at that time.

It is possibly my own faulty recollection that I do not have more awareness of the Gallup Poll doctors' plebiscite in 1944, to which he refers. (He can maybe supply more information as to the circumstances in which it was held and also of the "majorities" to which he refers?) What is definite is that there was a plebiscite of doctors in December 1946 in which there was a majority vote against entering into negotiations with the Minister concerning the Act: that again in February 1948 there was a plebiscite which showed a 9 to 1 majority against entering the service in an 84 per cent poll of doctors (a total vote of 25,500): while yet a further plebiscite at a later stage still showed a majority for resistance against the terms of the service. The right to continue the sale and purchase of practices was one of the most prominent points of the BMA in its resistance.

We do the national health service no good turn whatsoever in blinding ourselves to the fact that the doctors entered it reluctantly, even, as some aver, under pressure in many instances. In fact, the legacy of this situation is perhaps one of the most difficult things which the present administrators of the service have to contend with.—Yours faithfully,

DONALD JOHNSON

House of Commons, S.W.1

Forward Exchange

SIR—Your reviewer of my "Dynamic Theory of Forward Exchange," in your issue last week, quotes from page 328 my remark on the weakness of forward dollars in 1958-60 and criticises me for my alleged omission to provide an explanation. Yet he could have read my explanation on page 327, with only two sentences between it and the passage he quotes.

His remark that in my analytical chapters "there is endless repetition and labouring of the same points" reads very much like pronouncements such as "all Chinese look alike," or "all classical music sounds alike." I can only hope that those of your readers who are interested in the subject will find an opportunity to judge for themselves

instead of accepting your reviewer's dismissal of dynamic forward exchange theory in a single sweeping superficial sentence.

On my part I readily plead guilty of having overlooked a Business Note on Euro-dollars in your issue of July 11, 1959, which entitles *The Economist* to claim to have been the first to discover the new practice. But I feel justified in upholding my claim to have been the first to deal with the broader implications of Euro-dollars. Moreover, since the new device has been in operation ever since 1957, I feel justified also in upholding my criticism of the financial press on the ground that their coverage of Euro-dollars has been "too late and too little."

My reason for criticising the financial press was not to claim proprietorial rights in respect of the subject of forward exchange, as your reviewer gratuitously suggested, but simply to draw attention to the gross inadequacy of the coverage given to theoretico-technical developments in forward exchange. Before the war hardly a day passed without finding at least one reference to the subject in the financial columns. Since the resumption of forward dealing, however, it is difficult to find much factual information or comment on forward exchange developments.

Very often for weeks on end the financial press contains nothing more than the actual changes in rates. And Euro-dollar deposit rates are hardly ever quoted. Their effect—or indeed that of intrinsic premiums or discounts on forward rates—on interest rates are practically never mentioned.—Yours faithfully,
PAUL EINZIG
London, EC4

What Price Diplomacy?

STR—Sir John Lomax does not recall in his letter (your issue of September 2nd) that at one of his eleven posts he wrote a sharp letter to London, saying that he could deal with matters a, b, c, d, etc., only if he got the additional staff he had asked for. He got it.—Yours faithfully,

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BOOKS

Spain as Ally

Spain and Defence of the West

By Arthur P. Whitaker.

Oxford University Press for Council on Foreign Relations. 426 pages. 48s.

FOR two countries that have affected each other's development at such vital points, the United States and Spain have paid each other remarkably little political attention. To the Spaniards, the loss of Florida and Louisiana, the Monroe Doctrine, and the Cuban war of 1898 left them aware of North America as a sour taste, little more. The great Hispanic tradition in North American letters was never much reflected in United States diplomacy.

Circumstances have put an end to the old distant relationship in the last ten years, and have forced the two governments into a close involvement in selected, but vital, fields; yet probably neither of the governments, and certainly neither of the two peoples, has much idea what the new relationship is. Professor Whitaker, assisted by a study group of the Council on Foreign Relations, has made an admirable survey of the "quasi-alliance" now existing between the United States and Spain—its history, its political and strategic background, its limits, advantages and drawbacks. Some books are destined to be described as "filling a gap." This one does, indeed, fill a yawning and obvious gap for the students of politics and the makers of policy; it is also lucid and readable for its own sake.

Washington did not begin to think seriously for itself about Spain, rather than follow the lead of its European friends, until the pressure of the cold war began to mount in 1947. A reappraisal was then unavoidable; but who made it, and what it consisted of, seem unknown to this day. The first consequence was the dropping of the international boycott of the Franco regime, promulgated by the allied powers in 1945 and solemnly blessed by the infant United Nations.

So far, so good. As Mr Whitaker says, the boycott was not only fatuous, it was actually counter-productive—though not for the now generally accepted reason, that it "united" the Spanish people against foreign interference. Few nations have such a habit of inviting foreign interference as the xenophobic Spaniards. What the boycott really did, as Mr Whitaker correctly says, was to unite the disparate elements in the regime, both against the common danger from abroad, and against the other half of the Spanish nation.

Little attempt was made to communicate

the American reappraisal to the European allies. "It seems probable," says Mr Whitaker, "that Spain's inclusion in the Marshall Plan was expected by Washington"; but Washington left the matter to the Europeans, who left Spain out, just as in 1949 they excluded Spain from Nato and from the Council of Europe. President Truman, throughout this period, remained personally unsympathetic to the reconciliation with Madrid, for all that the Truman Doctrine might have dictated roping Spain into the frantic collection of military bases that was going on. With the Korean war, antipathies had to be swallowed, and the negotiations were set in motion which culminated in 1953 in the Pact of Madrid.

Even then, the American policy-makers told themselves that what they were taking on was not an alliance, but merely a set of military and economic arrangements with a strictly limited liability. This has proved no more than a pious hope; the "quasi-alliance" has asserted its own logic, "the limited liability pact... has been fast shedding its limitations." When President Eisenhower left Madrid in December, 1959, after a brief but harmonious visit, he exchanged a double *abrazo* with General Franco; even if it takes six years, Mr Whitaker says, "a marriage of convenience can lead to a honeymoon."

The balance-sheet of the "quasi-alliance" is complex. Without any doubt, the firm foothold now enjoyed in Spain by the United States Navy and Air Force is a solid strategic asset, and, for all the advanced theorising of pushbutton warfare, the day when they can comfortably afford to give it up cannot even be foreseen. Against that, there is a heavy political liability—how heavy, Mr Whitaker makes plain in a thorough survey of the Spanish political scene and a conscientious, though unavailing, attempt to project the Spanish political future. He believes that the American commitment to the regime could, with care and discretion, be limited, so that the unknown future would be less likely than it appears now to bring a reversal of alliances and the loss of this strategic asset to the United States.

He also discusses, with entertaining frankness, the arguments for and against bringing Spain, under its present regime, into Nato, a development which a tiny minority of the Nato powers still manages, for the present, to hinder. The familiar military and strategic arguments he dismisses without much respect: the present defence arrangements with Spain work well, for the limited purposes for which they are required, and no reason exists for suppos-

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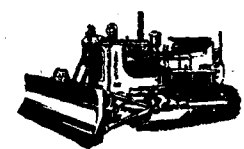


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ing that Spanish membership of Nato would make them work better. Two other arguments are mentioned: first, integration into Nato would make it unavoidable for the Spanish armed forces to be modernised and re-equipped, and might therefore oblige the European allies to share the cost of this modernisation.

Second, if there is a political liability attached to the alliance with Franco Spain, why should not the European members of the alliance, who share the benefits in security, share the political liability, too? Though forceful, these arguments are not calculated to be persuasive to Europeans. Mr Whitaker himself concludes:

There is no convincing evidence that the present relationship, which is already complex enough, would be any more manageable if it were somehow handled through Nato channels.

Conscientious as his examination has been, it leaves no doubt where his own sympathies lie.

Dedicated Nonconformist

South Africa in my Time

By G. Heaton Nicholls.

Allen and Unwin. 491 pages. 45s.

The Road from Sharpeville

By Bernard Sachs.

Dobson. 190 pages. 18s.

FEW public careers have epitomised the basic dilemma of the Englishman who transplants himself to a multi-racial society quite as starkly as that of George Heaton Nicholls, a leading political figure in South Africa for a quarter of a century and one-time High Commissioner for the Union in London. Independent and strong-willed, Heaton Nicholls sought to be true to what he conceived to be the British political tradition. But to the end of his days, when he had become frustrated and disillusioned, he failed to realise that the best of the British tradition, that part which really matters in a multi-racial society, is ultimately irreconcilable with white overlordship or supremacy—what is known in South Africa as “baasskap.”

And at heart Nicholls believed in “baasskap” and in apartheid, albeit of a benevolent and relatively enlightened variety. To that extent he was a typical white South African, particularly in his younger days when he wrote a novel “Bayete,” the theme of which was the black peril. Thus, while he realised the terrible dangers of a clash between white and black nationalisms, he had no prescription for avoiding or preventing it. Similarly, while the apartheid part of his nature made him support the Riotous Assemblies Act when even his party thought fit to oppose it, he saw the need for giving the non-white peoples some political voice if there was to be even a semblance of government by consent. Again, however, he could not bring himself to face the logical consequences of shared government.

Because he never really realised the nature of the dilemma in which his beliefs landed him, he thought of himself as a “doomed sponsor of lost causes.” But that was incidental to his real failure. He was essentially a non-conforming English-speaking politician, who never quite understood the true nature of the South Africanism that ended in the country's attaining sovereign independence. To Nicholls, South Africa was always in a slightly subservient position to Britain, a belief that led him to argue, in August, 1939, that South Africa had no option but to declare war on Germany because Britain had done so, a point of view which nearly wrecked Smuts's plan to unseat Hertzog.

Moreover, he became obsessed with the idea that somehow or other Natal, because it was so British, could “go it alone,” if necessary—a philosophy born of his conviction that federalism would solve some of South Africa's ills, as well it might if it had been applied in the right spirit at the right time.

“South Africa in my Time,” in brief, is the story of a dedicated politician who never reached the top partly because he did not quite understand the forces he tried to harness, partly because he was not a willing conformer to the party line, and partly because, although he mellowed with time, broadened his perspective and deepened his sympathies, he never managed to be wholly in tune with the times or the needs of the moment.

Mr Bernard Sachs's book falls into a wholly different category. Sketchy and disjointed, it is a curious and largely superficial mixture of old and new, of views and opinions on many matters, the whole purporting to be a picture of the South African scene over the past fifty years. Mr Sachs obviously knows a good deal about politics and race in South Africa, but in spite of the title his book points the road neither to nor away from Sharpeville. It does, however, shed an odd ray of light here and there on a complex situation, and contains some interesting historical facts about the trade union movement and its role in politics.

Textbooks in Competition

National Income and Economic Growth

By Kenneth K. Kurihara.

Allen and Unwin. 176 pages. 25s.

National Income: Statics and Dynamics

By John S. Henderson.

Harper, New York. London: Hamish Hamilton. 447 pages. 46s.

Macroeconomic Theory

By Gardner Ackley.

Macmillan Co., New York. 612 pages. 42s.

THESE three textbooks, and no doubt there are others like them, have a good deal in common. They are all by Americans; they are all aimed at students who

have already done some economics; they all cover both income and employment and growth theory; and they all contain a great deal of elementary algebra and diagrammatics. They are, in fact, competitive.

The shortest of the three, Mr Kurihara's book, covers the concept of national income: multipliers, super-multipliers, Harrod-Domar growth models and relatively little else. The exposition is almost entirely formal. Mr Ackley, on the other hand, has written a synthesis of most branches of macroeconomic theory that is literate as well as numerate and which contains a fair amount of empirical reference. Mr Henderson's book falls between the other two.

The utility of learning this kind of economic theory is not easy to assess because there are two quite different reasons for studying it. One is the extraordinary but undoubted fact that all but the very best students cannot use their first year theory until they have learned second and third year theory as well. For some reason the ability to see how and when the elementary principles of economics can be applied requires a certain amount of drilling in more advanced economic theory. Without such a training in rigorous and abstract thought, the elementary instruction that precedes it is of use only for passing examinations and leaves few traces of economic understanding. Thus model-building in economics plays the role which Latin or Euclidean geometry are said to play at school: that of training the mind.

One of the questions which the student of Mr Henderson's book is supposed to be able to answer runs as follows: “Find a pattern of investment in periods 0, 1 . . . which will cause income to assume alternate values of 1, — 1, 1, — 1, etc.” This is about as relevant to economic policy as Latin is to hanging wallpaper. Yet if the student has exercised his mind on this kind of purely formal analysis, he will be better able to work out the simple economics of, say, subsidising the fishing industry than if he gave up economics after one year. Hence books like this have some point.

The authors would presumably claim that their exposition has more than a purely gymnastic value and that the more advanced theory is also worth studying because it too can be applied. Some of it can, it is true, though more often qualitatively than quantitatively. Yet there is a danger that students will regard models as an end, not a means, and merely learn to parrot the textbook exposition. Such students regard the shadow of theory as constituting the substance of reality. Thus the author should not merely believe that the theories which he expounds are useful; he should also demonstrate it and he should make his readers aware of the limitations of the analysis.

It is here that Mr Kurihara's book fails—unless the task can safely be left to the teachers who prescribe the book. Mr Kurihara claims to have “made some allusion to practical application” but does not do much more than explain rather naively that

growth is desirable because of its implications for higher standards of living, greater distributive equity and world peace. Mr Henderson does better than this and Mr Ackley (who, after all, has written the longest book) does better still, since he has quite a long chapter on the empirical analysis of the consumption function and is much more down to earth on the subject of inflation. His book is, indeed, the most distinguished of the three: it is well-written; it has the necessary precision; and it brings in the contributions of many recent writings in the field.

Mother of Kings

A Pride of Lions: A Portrait of Napoleon's Mother

By Monica Stirling.

Collins. 319 pages. 28s.

THE interest of Miss Stirling's story is enhanced by a comprehensive bibliography, a generous display of illustrations and a genealogy of all Letizia Bonaparte's descendants. But her book is a collection of sketches rather than a portrait, and Madame Mère is too often lost in the crowd during the Consulate and Empire. She is more conspicuous in the prelude and epilogue to the Napoleonic drama; indeed, after the Emperor's death she was the most interesting relic of his reign.

His father Carlo, descended from immigrant Tuscan gentry, was an easy-going, financially feckless, lawyer, who till his death in 1785 represented the governing council of Corsica at Versailles. The shocking contrast between the extravagant brilliance of that court and the dreadful end of the monarchy may have prompted Letizia's repeated warnings to her children that their imperial prosperity was only “all right as long as it lasts.” But did she utter other warnings which were ignored? She asserted that no one else had ever spanked so many future kings and princesses—but how effective was her influence in the days of their glory? For how long did she really try to upset Napoleon's first marriage? She seems to have welcomed the divorce that ended it. Indeed, her attitude to her children's marriages is represented as surprisingly flexible, considering the strength of her Corsican and Catholic upbringing. She appears to have been so blind to her son Lucien's political incompetence (emphasised in the Napoleonic correspondence recently edited by Mr. John Howard) as to believe that he could ensure a golden political future by divorcing his wife whom Napoleon disliked. And her dismay at the Duc d'Enghien's kidnapping and execution was Corsican rather than Christian—she feared a vendetta. Miss Stirling cannot be blamed for not explaining her primitive heroine's feelings and motives; but if she had presented more of Letizia and less of her life and times, her readers might be able to decide whether Madame Mère was

interested in anything beyond the material welfare of her family.

Letizia lived in Rome for fifteen years after Napoleon's death in 1821. Any hopes she cherished of a Bonapartist restoration died with “L'Aiglon” in 1832, and she urged those of her children who had not predeceased her to keep out of conspiracies. But her spirit remained unshaken and her pride never bent: she refused compensation belatedly offered for the financial promises broken by the restored monarchy—Bonapartes would not accept charity from Bourbons. In fact they did not need to; her own financial success, unexplained in this book, was astonishing. Apparently it was also infectious; as she lay dying in 1836 her porter admitted the public to her room, where they could look at her through a screen. He charged a small entrance fee; but no doubt it was worth it. For was she not the mother of kings?

Vanished World

City of Linging Splendour

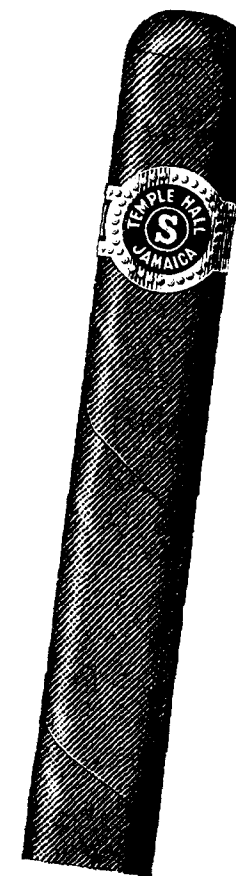
By John Blofeld.

Hutchinson. 253 pages. 30s.

JOHN BLOFELD fell in love with a city and this book is his account of the affair. The City was Peking as it was in the mid-thirties, when the magnificence of the former imperial court was already only a memory, but traditional ways of life still prevailed, not yet obliterated by eight years of Japanese occupation and successive “liberations” by the Kuomintang and the *Palu* (the communists). Mr Blofeld returned to Peking after the end of the Pacific war, but it was already a different world, and he left before the entry of the communists, because, as he puts it, “during a civil war, when child turns against father and brother pits himself against brother, if a man is lucky enough to be a foreigner, with somewhere else in the world to go, it is wiser to go without much delay.” He did not, however, go very far; he now teaches at the Chulalongkorn University in Bangkok, where he is still near the country from which he is, in a sense, an exile.

In the eighteenth and early nineteenth century the literary and aesthetic culture of China had two centres: one at Peking in the north—which was also the seat of the central government—and the other at Nanking and Soochow in the south. The latter never recovered from the devastations of the Taiping rebellion, but Peking continued to be the stronghold of traditional Chinese civilisation until the end of the monarchy in 1912, and still retained a special metropolitan dignity and pride even after the Kuomintang in 1928 had transferred the capital to Nanking and reduced Peking formally to the status of a provincial town. The next few years were indeed a time of “lingering splendour”; they were the last in which a foreigner could make contact with the living tradition of the Chinese *ancien régime*, and

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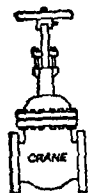
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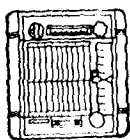


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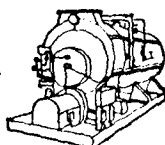
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he could do so perhaps better than in any
previous period, since entry into Chinese
society had become less difficult for him
than ever before.

Mr Blofeld had already lived in south
China and acquired a knowledge of the
Chinese language before he came to Peking
at the age of twenty-two. His enjoyment
of the city's charms was enthusiastic and
uninhibited, and his range of interests and
friendships extended from a Taoist hermit,
who discoursed on the philosophy of Lao-
tsu, to the "willow-lanes," which were such
an essential part of the old Far Eastern
civilisation. He was not unaware of the
poverty and corruption that lay at the back
of this fascinating life, and he was not un-
sympathetic to the social consciences of the
rising generation of Chinese students, but
he asks "how many youths, magically trans-
ported through space and time to Renais-
sance Italy, would forgo the pleasures
offered by wealthy or learned Florentines
out of sympathy for the poor at their gates?"
We may be glad that the author adopted
this attitude; for New China is always with
us, but he has recorded in a lively and read-
able piece of autobiography an experience of
a world that has now irrevocably passed
away.

When Mao was Young

Mao Tse-tung and I Were Beggars

By Siao-Yu.

Hutchinson. 276 pages. 30s.

WHEN Mao Tse-tung was fourteen or
fifteen, he had grown tall and strong,
and his father put him to work carrying
baskets of manure across the fields. Mao
was more interested in reading, an activity
of which his father disapproved. The future
chairman of the Chinese People's Republic
found a way to please his father while pur-
suing his private interests that would not
be tolerated in a communist society. He
found out that his father considered a good
day's work would consist of filling and haul-
ing fifteen or twenty of the heavy baskets
and that he could accomplish this task (it
would be called a "quota" or a "norm"
in Mao's republic) in half a day and spend
the rest of it reading.

In those days, writes Siao-Yu, Mao knew
few characters; but he could decipher
enough of them to get the general meaning
of the books to which he had access, which
appear to have been mainly stories of ban-
dits. The two men met shortly after at
school in Changsha. It was in 1912, a year
after the overthrow of the Manchu dynasty.
Later still, they marched the countryside
together, begging their way and providing
Mr Siao with the title for this agreeable
and highly readable book of reminiscences.

Mr Siao records—perhaps apocryphally,
although he boasts of an unerring memory
—that on one occasion an educated Chinese
lady "read" their faces and said of Mao
that he could become a great officer, a prime
minister or a great bandit chief. She added

that he was audacious, ambitious and un-
sentimental and could kill ten thousand or
even a hundred thousand people without
turning a hair. Mr Siao, however, evidently
neglected to pass this vital information on
to Marshal Chiang Kai-shek.

He takes his narrative up to the early
twenties, when he was serving the Kuomin-
tang and Mao the newly founded Chinese
Communist party, with which the Kuomin-
tang had formed a tactical alliance that its
leaders were later bitterly to regret.

Mr Lin Yutang, in a foreword, vouches
for the authenticity of the account and re-
marks that it takes a Hunanese to write
about another Hunanese. With its delicate
illustrations by the author's brush, it is a
work of charm rather than erudition. There
are useful historical notes by Dr Robert
C. North.

Zionism at Large

The Idea of the Jewish State

By Ben Halpern.

Harvard University Press. London: Oxford
University Press. 509 pages. 48s.

THE author's aim in this substantial work,
meticulously written and closely
reasoned, is to present

a systematic explanation . . . of the develop-
ment of the idea of the Jewish State from a
vaguely defined aspiration towards national
sovereignty, pursued by an ideological move-
ment, to the achievement of statehood and the
exercise of sovereignty by representative
national institutions.

This volume of 500 pages is, we are told,
the first half of a planned two-part study of
Israel, and it consists of three parts—
"Zionism: Background and Description,"
"Zionism and World Jewry," "Zionism
and the International Community." Probably only a Jew could possess the
requisite familiarity with and understanding
of the background to deal satisfactorily with
the subject-matter of the first two parts and
it may be said at once that these chapters
could scarcely be bettered. The principles
that had kept the Jews of the Diaspora
together in the centuries before their
emancipation; the varied threads and
strands—racial, sentimental, cultural, then
political and nationalistic—that were woven
into the fabric of Zionism and ultimately
into that of the state of Israel—all are
analysed with a lucidity of exposition
derived from intimacy with the many
streams of Jewish thought that no Gentile
could have acquired.

The author considers philosophically the
divergence between traditionalist and
assimilationist Jews; the not always parallel
aspirations of the protagonists of Zionism;
the aims of Theodor Herzl, who was
primarily concerned with finding a way to
relieve the plight of Jews living in countries
where they suffered disabilities; the views
of Asher Ginzberg, who favoured a
nationalist movement pledged to revive a
secular Jewish culture through the medium
of a revised Hebrew language; the effective

revival of Hebrew as the national language
against the opposition of the ultra-
Orthodox, who regarded it as the sacred
tongue of Jehovah not to be defiled by
mundane use. All these matters are objec-
tively and clearly treated.

The third part, on the other hand, raises
serious doubts whether the earnest and
industrious disserter, the patient analyst,
the philosophical examiner of the Jewish
trends and movements that produced
Zionism and ultimately the state of Israel
is equally well qualified to deal with the
politics—international, inter-racial and local
—of the Palestine of the mandate. His
absorption with the movements and stresses
of Jewry seems to tell against his being able
to describe with the same objectivity the
Arabs' objection to the policy of the Jewish
National Home and to understand the
mandatory government's approach to the
problem of administering Palestine under
the terms of the mandate.

It is not so much that Mr Halpern writes,
as many Zionist polemic writers have
done, as an avowed partisan; it is that this
serious Jewish student is just out of his
depth where the feelings of the Palestinian
Arabs were concerned when faced with
their dispossession by the establishment of
a national home for another race—a race,
moreover, which they recognised as a more
dynamic one—in the small land that had
been theirs for thirteen centuries. For the
Arabs of Palestine realised from the outset
that the Jews would not—indeed, could not
—stop short of "a National Home in
Palestine" despite the earlier lip-service of
Dr Weizmann and the other Zionist leaders
to the two-fold obligations of the Balfour
Declaration. His attitude, surprisingly
naïve in so clear-headed an exponent of
purely Jewish topics, is shown, for example,
on page 201, where he says that the 1930
British White Paper's contention that the
protection of Arab interests was also among
the mandatory's duties was one to which
"not only the Zionist but the non-Zionist
leaders of the Jewish Agency reacted with
shock and outrage." Equally blind to the
realities of the situation is his reference on
page 331 to "Britain's set policy of keeping
Abdullah on one side of the Jordan and the
Zionists on the other." As if, but for a "set
policy" on the part of Great Britain,
Abdullah and his Arabs would have
welcomed the application of the policy of
the Jewish National Home to the then
Trans-Jordan.

The book contains, as one would expect,
a good bibliography, at all events, on the
Jewish aspects of the subject-matter.

OTHER BOOKS

GUIDE TO COMPANY BALANCE SHEETS AND
PROFIT AND LOSS ACCOUNTS. By Frank H.
Jones. 5th edition. Heffer. 601 pages. 55s.

ISRAEL GOVERNMENT YEAR BOOK 1960/61.
Israel Government. London: L. Simmonds.
440 pages. 21s.

RAND McNALLY ATLAS OF WORLD HISTORY.
Edited by R. R. Palmer. Murray. 216 pages.
55s.

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THE WORLD OVERSEAS

The United Nations Gropes for Hope

FROM OUR SPECIAL CORRESPONDENT IN NEW YORK

"WE are probably in a period of the carrot but will get the stick again damned soon," a western diplomat attending the United Nations remarked this week with reference to the wave of sweetness and light on the Moscow front, where Mr Khrushchev has been saying amiable things about the Pope and reassuring things to M. Spaak. The words were scarcely out of the diplomat's mouth when Mr Gromyko followed President Kennedy to the Assembly's marble rostrum to accuse the American President of sabre-rattling and "spouting threats." He also heaped abuse on west Berlin as a cesspool of criminal subversives and militarist mobs.

Yet it seems tolerably sure that in his queer Soviet way Mr Gromyko was not really shaking a fistful of big sticks but was actually whirling a small carrot. Whether the brandished vegetable is acceptable to the West remains to be seen. After two Gromyko-Rusk meetings it is still murkily unclear how the "solemn Soviet obligation" to protect and respect the freedom, independence and rights of west Berlin, reiterated by Mr Gromyko, is meant to be reconciled with the "unqualified respect for the sovereignty of the German Democratic Republic with whom appropriate agreements on the use of communications must be concluded" that is also insisted on by Mr Gromyko. But now that America and Russia have extended their respective olive branches, even though vased in atomic bazookas, simultaneous incineration over Berlin appears more unlikely. Mr Gromyko thought poorly of Mr Kennedy's disarmament plan, but even in this mazy labyrinth there is now the thread of agreement in principle on "general and complete" disarmament, with the UN perhaps playing a significant role when and if it comes to stage-by-stage implementation.

Meanwhile, the international organisation is still striving to work up courage to cope with its own grave problems. The box-shaped glasshouse on New York's East 42nd Street outwardly clicks as briskly as when Mr Hammarskjöld was alive. But even the bands of daily tourists know that it is now a Rupert's drop that one more shock could irretrievably shatter. Lord Home, in his speech to the Assembly this week, in effect asked why the UN seemed to have reached a parting of the ways and why it was in danger of not working any more. He did not think it was all the fault of the Russians, even though he sharply accused them of a "deliberate deception" and double dealing. The Foreign Secretary suspects there is in the UN a double standard that applies one rule to the communists and another less favourable one to the western democracies. The prime example, though Lord Home did not give it, was the speech by Ghana's foreign minister, who said that his country considered it "unfortunate that the Soviet Union should have found it necessary to resume nuclear testing and thus give the United States the opportunity or pretext" to resume testing also. He added that it was "not really important" whether nuclear weapons were tested in the atmosphere or underground. Other "neutral" delegations, while listening delightedly to Mr Gromyko's clear clarion call for the "final and universal elimination of colonialism" by the end of next year, have been overheard taking Mr Kennedy to task for his trouncing of Soviet-style colonialism. They do not, at least in private conversation, deny that it is evil. But they say impatiently that to keep on

reminding people that it exists is just reviving the cold war and the old, happily abandoned, Dulles "intransigence."

Some who have hitherto championed the United Nations, for instance Senator Fulbright, have recently tended to reel back aghast from the prospect of an enfeebled United Nations being led around by the nose by Russia (and communist China) and have taken to dreaming of some new, more virile, "concert of free nations." But it is really unlikely that the 100 members of the UN are about to become convicts daily marching docilely around a troika exercise ground. To the contrary, the neutrals increasingly act as if they held the balance of power in the Assembly and enjoyed the feel of it. And on the basic issues it is probably Russia, not the West, that has some reason to fear the neutrals' power, as distinct from their sometimes spiteful words. That of course is why Russia is so anxious to have a troika. It is also the reason why the neutrals dislike the troika as they quite obviously do. And the more active a part a nation is playing in UN affairs, the more unpalatable the troika apparently becomes.

No member is more anxious than India to achieve a compromise solution to the secretary-generalship that will be acceptable to both East and West and will therefore enable the UN to get on with its work. But India does not want its Congo force to be paralysed by someone else's veto. The British viewpoint is that to underpin the secretary-general with advisers, or have a geographical basis for the distribution of posts, is acceptable provided they are all genuine international civil servants and not just agents of their respective governments; this is not far from Indian thinking.

On the other hand, the best riposte to the Russians may not be a naïve attempt at one-upmanship, taking the form of the Assembly selecting (as it is believed to have authority to do) a "temporary" or "interim" secretary-general, then keeping him on indefinitely by successive Assembly resolutions like a comic postman in a *Punch* cartoon ("here for thirty years but no uniform, being only temporary"). A real solution must be found and fairly soon, for while Mr Hammarskjöld's three main political deputies (an American negro, an Indian and a Russian) are working amicably together, and the heads of departments are loyally continuing with their routine tasks, everyone knows that this "sub-troika" is inadequate for any major policy decision that may be required. Fortunately, Mr Gromyko did not slam the door shut on a "provisional solution" of this, any more than of the Berlin problem.

Payment Deferred

FROM OUR BONN CORRESPONDENT

THE suspicion that, for the sake of a deal in Berlin, the Federal Republic's allies may be about to withdraw their support for German national interests elsewhere, has appreciably sobered the post-election coalition manoeuvring in Bonn. The desirability of a "government of national concentration" is being disputed much less this week than it was last, though the three parties concerned are no nearer agreement as to who the head of any such government ought to be.

Oddly, it is the man sent by President Kennedy expressly to raise morale in Berlin who has shaken it throughout western Germany. Not that Herr von Brentano had not returned from the foreign ministers' conference in Washington without disquieting news for the ears of the federal cabinet. But General Clay's hint to journalists three days after his arrival in Berlin that the allies were preparing to recognise east Germany *de facto*, and that west Germany should be ready to do more or less likewise and renounce the eastern territories—and perhaps atomic arms—into the bargain, has provoked a searching public reappraisal of foreign policy and of the trustworthiness of foreign friends. *Bild Zeitung*, the excitable daily with the largest number of readers in west Germany, came out with the banner headline, "Is Germany Being Sold?". An accompanying editorial, framed in red, warned the Americans not to gamble with the good faith of the German people.

Mr Kennedy made some amends in his address to the United Nations. As soon as the reels could be flown over and a synchronised translation arranged, a film of the President speaking at the rostrum was shown over the west German television network. Mr Kennedy's withering reference to the east German regime as a wholly Soviet creation was duly appreciated, and his assurances on Berlin were welcomed. But the President, it has been noted, did not deny outright that the western allies had reached the conclusion that it might be necessary to recognise east Germany *de facto* and the Oder-Neisse line *de jure*. And what is aggravating German uneasiness is the accompaniment in the West, increasingly loud, of unofficial voices descanting that, the Germans being the unregenerates they are, it is probably a "good thing" that they should be kept divided, and that anyway they have only themselves to blame. The resolution of the Liberal party conference at Edinburgh last week, recommending *de facto* recognition of east Germany, has been felt as a particularly cruel betrayal of principle and promise. Herr Mende, the chairman of the Free Democrats, whose two delegates walked out of the Edinburgh conference in protest, has since written to Mr Grimond inviting the Liberal leaders to come out to Bonn and Berlin to inform themselves at first hand.

When the spree is over and it is time to pay, a Spanish host may call for "la dolorosa." To the Germans, after years of procrastination, it seems that the dolorous moment has incredibly arrived when they have to pay the remainder of the bill for their extravagances under Hitler. They are beginning to understand that it is going to be steeper than they have been encouraged to hope over the past ten misleadingly comfortable years—that it will run, that is to say, to indefinite partition and permanent loss of the eastern territories. This bitter perception has strengthened the demand of the Social Democrats for a government drawn from all the parties in order that responsibility should be shared for tackling the national problems that would arise when such a bill was formally presented—and after it had been paid.

DR ADENAUER, who has been having "some little local difficulties" since he lost his absolute majority in the Bundestag, now sees it as a heaven-sent advantage to be able to let the Christian Democrats share with others the unpleasant decisions that will probably have to be made during the coming months. The Free Democrats, with whom Dr Adenauer had hoped to do business, are awkwardly continuing to insist that they will not serve in a government of which he is the head. Swallowing his hard words concerning "Herr Brandt alias Frahm" and Herr Wehner (a former communist), Dr Adenauer this week invited the two socialist leaders along with their party chairman, Herr Ollenhauer, for a heart-to-heart on foreign policy. No more than that, it has been repeatedly explained, and there is good reason for believing that such is the truth. But to Dr Adenauer this unusually magnanimous exchange of information and views had at least a two-fold party-political purpose. One was to fire a warning shot across the bows

of the disrespectfully manoeuvring Free Democrats, the other was to begin to smooth the way for a coalition with the Social Democrats should it be necessary.

After all that was said during the election campaign there is something grotesque in the prospect of the Christian Democrats and the Social Democrats settling down to work together. It is not Dr Adenauer alone who has to eat his words. Herr Brandt, for instance, who only a few weeks ago was protesting that "the old man can no longer grasp the situation," is now saying that it is of secondary importance to the Social Democrats who the head of a "government of concentration" might be.

But the bulk of the Christian Democratic Union, and the whole of its affiliated Bavarian wing, the Christian Social Union, seem to be in no mood yet to encourage Dr Adenauer to court the Social Democrats any further. Meeting in Bonn on Wednesday, the twin parliamentary parties commissioned their respective chairmen, Dr Adenauer and the defence minister, Herr Strauss, to open negotiations with the Free Democrats with the object of forming a coalition government. In the same breath they "unanimously" asked Dr Adenauer to be ready to stand once again for the chancellorship. The Free Democrats know too much to be impressed by this vaunted "unanimity." Indeed, they maintain that they are being privately exhorted by individual Christian Democrat deputies to stand firm—"or we shall never get rid of the old man." Yet there are signs—so strong is the demand for a stable government—that Herr Mende may be persuaded by influential followers, notably in industry, to tolerate Dr Adenauer at any rate for a precisely limited period. Herr Erhard, who would be an acceptable Chancellor to the Free Democrats and himself is smarting under Dr Adenauer's constant impugnation of his authority, continues discreetly to hold his tongue. No one has yet been able to convince the 85-year-old Chancellor that it does not say much for his work and providence if, after twelve years in office, he is still the only west German statesman who can be trusted at the head of public affairs.

A Tale of Three Cities

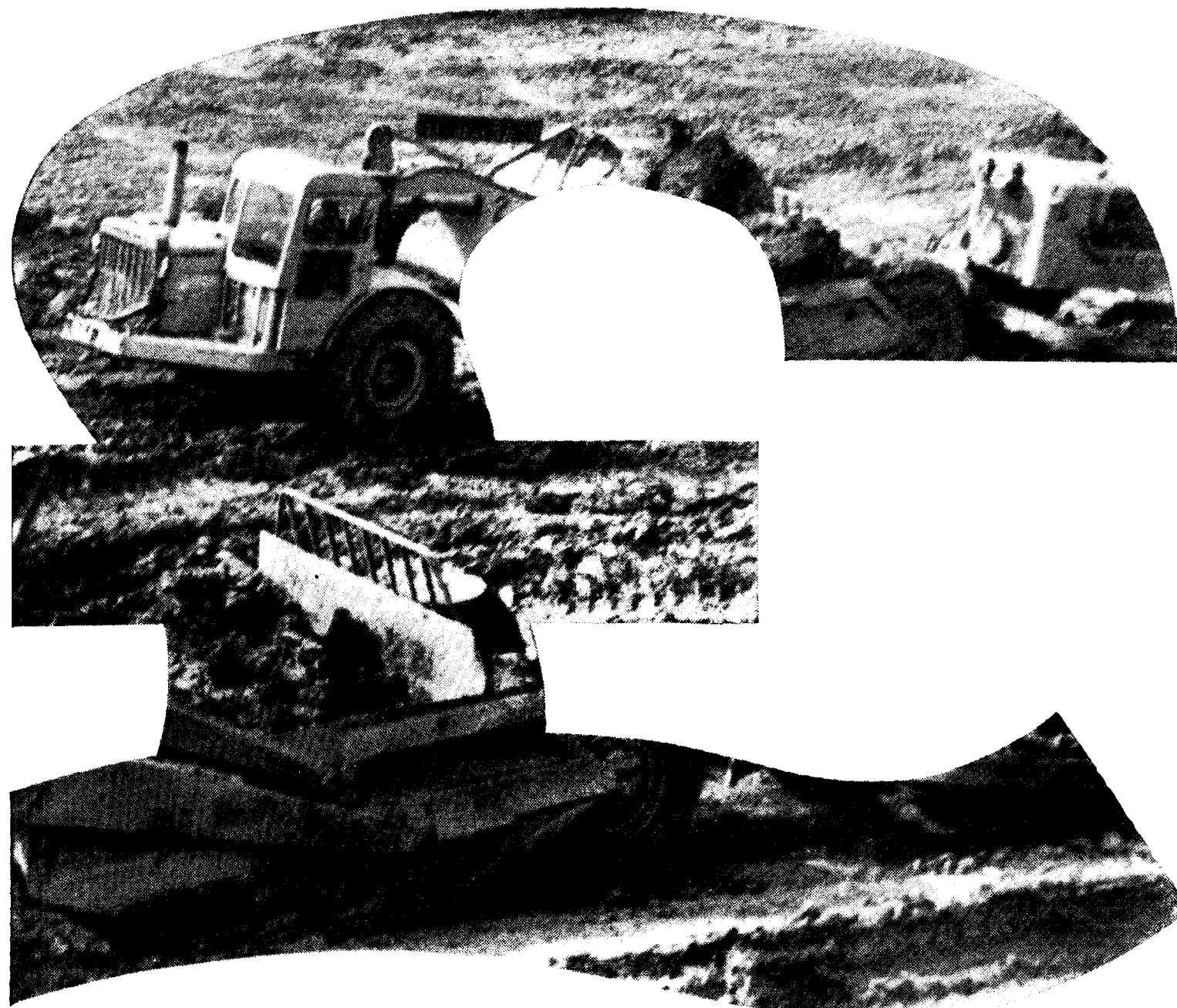
FROM A SPECIAL CORRESPONDENT IN LEOPOLDVILLE

AFTER the disastrous events of the last two weeks in the Congo, a flicker of hope has just emerged in Mr Tshombe's appeal to Mr Adoula to meet him with the minimum delay on neutral ground to try and settle their differences. Should this meeting really take place, Mr Adoula may be as happy as anyone, for his leadership has been considerably embarrassed, first by Mr Tshombe's stubborn refusal to co-operate with him, and secondly by the failure of the UN to defeat the Katanga gendarmerie under General Muke.

By declining to participate in the parliamentary reunion at Lovanium last month, when the new central government was created, Mr Tshombe forced Mr Adoula into a greater dependence than either of them would have wished upon Mr Gizenga's Stanleyville group. And in the aftermath of the United Nations' failure to bring Mr Tshombe to heel, Mr Gizenga and his colleagues, no doubt encouraged by the reappearance in Leopoldville of Soviet block diplomats for the first time in twelve months, have forced Mr Adoula in their turn to take a more belligerently anti-imperialist line than the facts alone would warrant.

With his talk of the machinations of international capitalism in Katanga, his hints of British complicity in the "murder" of Mr Hammarskjöld and his suggestions of independent military action against Mr Tshombe, Mr Adoula has drawn the teeth of the Gizengist faction for the moment. But if Mr Tshombe should refuse to abandon any of his claims for the independence of Katanga, Mr Gizenga will certainly return to the attack.

So far, in spite of reports of troop movements to Luluabourg—and the discredited claim of Radio Katanga that Russian Ilyushins



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Three, three the rivals—Generals Mobutu, Lundula and Muke

have arrived at Stanleyville again to help mount an attack upon Mr Tshombe—there is no evidence that the Congolese army, either in Stanleyville or Leopoldville, is ready for a serious military operation against Katanga. General Mobutu, the Congolese army commander-in-chief in Leopoldville, is known to be against it; and probably neither he nor General Lundula, Mr Gizenga's military man in Stanleyville, is in a position to undertake such an attack at all without outside help. Mr Gizenga may be ready to call in the Russians again, as Mr Lumumba did last year, but he would then risk antagonising the United Nations and also provoking General Mobutu into another preventive coup. This would take us back to square one with a vengeance, and probably even the Russians are unwilling to take their chance on that. Mr Adoula, on the other hand, can hardly look for help outside the United Nations, and this has become less likely now than it was up to a week ago, since the UN command seems to have completed a somersault over the Katanga affair. We are now told by every United Nations spokesman that the Katanga fighting was not an all-out effort to end Katanga's secession; it was just an attempt to expel the remaining mercenaries under the February resolution.

In the event, the cease-fire was signed after much bloodshed, with heightened feelings on all sides, and with neither Katanga's mercenaries expelled nor its secession ended. It looks in Leopoldville as if the UN has been forced back to Mr Hammarskjöld's original policy of strict non-intervention in political affairs modified only by the terms of the February resolution. Understandably, Mr Tshombe is cock-a-hoop and Mr Adoula is dejected, and in common logic Mr Tshombe ought now to be dictating his own terms. Probably he will still try to do so, but there are other factors which may yet persuade him to a reappraisal.

Mr Tshombe's diplomatic isolation is as complete as ever. His troops have taken a savage walloping and may be nervous about enduring another—especially when they know that next time, if there is one, the United Nations will command the sky with its new jet fighters from India, Ethiopia and Sweden. The British, whose role in this affair has excited bitter and, in some people's view, scarcely merited comment among UN officials here, are certainly using what influence they have with Mr Tshombe to induce him to moderate his stand, and President Kennedy's speech to the United Nations on Monday may have caused even the Belgians and the French to think twice about the extent to which they will support the Katanga leader in the future. And finally there is Mr Adoula, still apparently ready for conciliation and still threatened by Mr Gizenga, who is Mr Tshombe's enemy, too.

In this three-cornered battle between Leopoldville, Stanleyville and Elisabethville there will be no swift victories and perhaps no victories at all. Past experience of the Congo has shown that chickens can scarcely be counted even after they seem to be hatched. But equally it has revealed that all hope is never lost. What is needed now is the same as before—cool heads and practical hands and a determination not to put hopes too high or let despair become overwhelming. Those who succumb to such passions here are just wasting their emotional resources.

Handicap Stakes for the Soviet Union

ORDINARY Russians are now mainly concerned with the gathering storm. But foreign affairs will not dominate the 22nd party congress which is to open in Moscow on October 17th. Apart from changes in the party statutes, the main item on the agenda is Mr Khrushchev's twenty years' programme, with its emphasis on economic change. "The transition to communism" will be the congress's chief slogan and it will, naturally, be coupled with the better known pet phrase about "catching and overtaking the United States." On the eve of the congress, and with the help of an article in *Voprosy Ekonomiki* by the well-known Soviet economist, Mr A. Notkin, it is, therefore, worth while seeing how the Russians view their position and chances in this economic race.

Mr Notkin, while optimistic about the future, is fairly sober in his assessment of the current balance. He admits that Russia now lags behind the West, but couples this admission with two points that can be legitimately made. One is that output per head should not be confused with total production. The latter is the yardstick of economic power and by this measurement the Soviet Union is second to none but the United States. His second point is that Russia's lag in production and productivity behind the United States does not justify the theory that the fast rate of growth of the Soviet economy can be explained only by its backwardness. British, French or German productivity is also much lower than the American, yet the economies of those countries are not being described as backward.

According to Mr Notkin, Soviet national income in 1959 amounted to nearly half the American level; income per head, thus, came to roughly 40 per cent of the American level. Soviet industrial output in 1960 is put by Mr Notkin at over half the United States production (the usual Soviet claim is that it reached 60 per cent of American output), at three times the British and four to five times the French level. Comparison per head of population is much less favourable, as is shown by the author's own statistics quoted below. Even in basic production, the Soviet Union lags not only behind the United States but behind the industrial nations of western Europe as well. The differences would be more striking if the table covered more items of light industry and, particularly, durable consumer goods.

Agricultural comparisons are even more difficult, since bread and potatoes still play a much bigger part in the Russian diet than in, say, the American or British. Mr Notkin estimates that Soviet farm output is about 20 to 25 per cent lower than the American, and per head of population it is 30 per cent lower. Russia falls behind most in the production of maize, cotton, fruit, vegetables, eggs and meat. Indeed, it is admitted that American output of meat per head of population is 2.3 times higher than the Soviet. The most striking feature of Soviet agriculture, however, is the

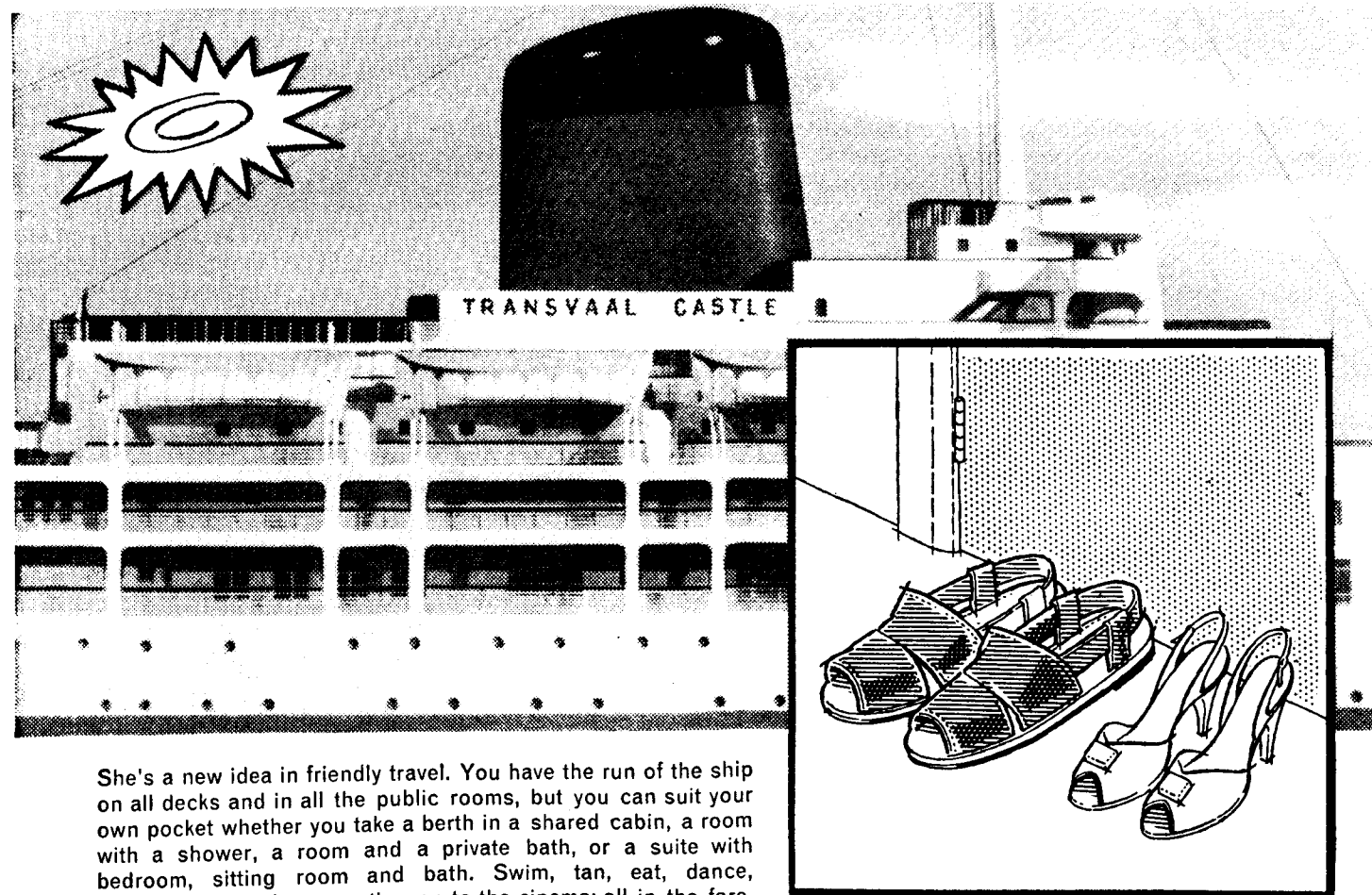
SOVIET OUTPUT PER HEAD (1960)				
As percentage of level in Western countries (*):—				
	USA	UK	W. Germany	France
Crude steel	61	72	57	84
Coal, oil and gas (†)	46	73	104	218
Of which:—				
Coal †	97	52	70	158
Oil	36	71	255	145
Gas	12 (‡)	19	62	82
Electric power	27	54	40	58
Cement	72	19	16	27
Artificial fibres	23	99	92	84
Cotton fabrics	51	35	67	56
Woollen fabrics	107	69 (§)	115 (§)	108 (§)
Leather shoes	51 (‡)	205	121	131
Granulated sugar	212			

(*) In 1960 for USA and in 1959 for remaining countries. (†) In hard coal equivalent. (‡) 1959. (§) 1958.

Source: *Voprosy Ekonomiki*.

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waste of manpower. The larger American farm output is produced by about 10 per cent of a smaller total labour force; the smaller Soviet output is produced by 41 per cent of a substantially larger labour force.

The Russians claim that the share of industry, building and transport in total employment does not differ greatly between the two countries. They account for 41 per cent in the United States and for 39 per cent in the Soviet Union. If these two sets of comparisons between the Russians' and the Americans' use of their labour force are true, they reveal how very small is the proportion of Russian manpower employed in services (other than transport) by comparison with the American. As Mr Notkin points out, Russia has considerable advantages in manpower. The Soviet population is larger and is growing at a faster rate. (The net increase in recent years averaged over 1.7 per cent annually compared with less than 1.5 per cent in the United States and less than 0.7 per cent in Britain, Germany or France.) The proportion of women at work is also higher in Russia. But the handicap of the wasted manpower in agriculture is not denied. A very rapid rise in agricultural productivity must be a part of the "Soviet miracle," to use a fashionable expression. Should this increase be achieved, millions would be released for other uses. The long-term aim of the Soviet planners seems to be to reach a balance between agricultural and non-agricultural employment not very different from the American pattern.

Productivity is not only a farming matter. In industry, too, according to their own figures, the Russians are not yet half-way to the American goal. They hope to close this gap not merely through the modernisation of plant but also through the spread of mass education. It is claimed that in 1959 there were already 13.4 million people in the Soviet Union with higher or specialised

technical education. They represented 9 per cent of the adult population (that is, above the age of 16) and the proportion is scheduled to rise rapidly. The Russians are fond of pointing out that in 1960 there were apparently 1,080,000 graduate engineers at work in the Soviet Union; this was twice as many as in the United States.

All Soviet analyses, however frank about the present, draw from past performance the conclusion that the Soviet economy, advancing more rapidly than its American rival, will sooner or later overtake it. More daring than Mr Notkin, *Ekonomicheskaya Gazeta* has even set the dates. On the assumption that industrial production in the United States will grow by 2 to 3 per cent annually, while Soviet output will increase by 10 per cent, it calculates that Soviet industrial production should approach the American level by 1965, and by 1970 should exceed it by 18 to 24 per cent. Taking into account the differences in population, the Soviet Union is thus expected to reach the American level of output per head at the end of the current decade.

Such Soviet predictions need not be taken at their face value. But now that the Russians are more willing to admit that they are lagging, the economic pundits of the "affluent society" would do well to ponder over problems of growth. As for the ordinary Russians, like ordinary people everywhere, they are more concerned with their own improvement than with international comparisons. Above all, the prospect of American riches even in the not very distant future looks less attractive when overshadowed by the threat of nuclear annihilation. Unless Mr Khrushchev can conjure up some signs of international relaxation within the next couple of weeks, his performance as an optimistic economic forecaster, which was to be the highlight of the congress, is not likely to impress the Russian public.

Algeria: Palestinian Parallels

BY A CORRESPONDENT

EVENTS in Algeria are increasingly reminiscent of the situation in Palestine in 1947-48. The immigrant minority that once required military protection is now itself a source of terrorism and has been driven by despair to support leaders who favour a breach with the protecting power. The Moslems, behind an outward show of unity and confidence, are uneasy and far from certain that a negotiated agreement with Paris will now suffice to achieve their aims. They outnumber the Europeans more decisively than the Palestinian Arabs outnumbered the Jews, but the latter were never, under the Mandate, as strong in military terms as the Algerian settlers and the army supporters of a French Algeria—who include most serving officers as well as the OAS outlaws.

The founders of Israel, it is true, possessed the moral strength that derives from a sense of mission and were supported by a well-organised international movement. But most of Algeria's Europeans feel a passionate, almost Zionist, attachment to the land which (they believe) their fathers and grandfathers "created" out of turmoil and semi-desert; and it is possible that other settler-communities in South Africa and Southern Rhodesia, and perhaps the Portuguese, would give them the sympathy, diplomatic backing and even, for a time, material support which Israel

obtained in 1948 from the United States and elsewhere.

Voices can now be heard within the French administration—as they were in the British Labour government in 1947-48—to suggest that a modicum of inter-communal bloodletting may, after all, be necessary in order to discredit the extremists on both sides and either scare non-extremists into reaching a *modus vivendi* or establish rough-and-ready partition-lines. Partition is increasingly in favour among "loyalist" officers, officials and gaullist politicians who remember the *Algérie française* slogans on which the Fifth Republic was founded; a half-French Algeria would, from their point of view, be preferable to no French Algeria at all, and would allow them to look their former Soustellist friends in one eye, at least.

General de Gaulle, meanwhile, has moved on to contemplating with something like equanimity the possibility of what, until recently, he scornfully dismissed as *l'abandon vulgaire*: now he calls it "disengagement." Like Mr Attlee in his day, he is influenced by both economic and military considerations; but very many of his officials suspect that he is bluffing. They believe, as did their British counterparts in 1948, that it will be sufficient for their government merely to

go through the motions of withdrawal in order to bring both communities to their senses. Few Frenchmen, even of the Left, are convinced that an independent Algeria could exist without French economic aid, and most wish to see France retain its bases at Bizerta and Mers-el-Kebir. But few would protest if General de Gaulle appeared on their television screens this autumn to announce that, rather than pour French resources indefinitely into an ungrateful and incurably turbulent Algeria, he proposed to withdraw. The chauvinist-integrationist passions of 1958 are today only rather bitter ashes.

Could the French simply pull out in a huff, like the British from Palestine, self-righteously leaving chaos behind? French conscripts in Algeria feel no affection for either the Moslems or the *pieds noirs*. But the regular army—while disapproving of many of the wealthier *colons*, some of whom are safely in France, where they buy safety by contributing to both FLN and OAS funds—has created personal and ideological links with the European community that no honourable officer can disregard. Unlike France's mercurial civilian electorate, the army has not forgotten the slogans and pledges of 1958. General Massu, Colonels Godard and Thomazo, and their friends plotted then, and a majority of officers approved their mutiny, because they suspected the politicians of the Fourth Republic of preparing a "diplomatic Dien Bien Phu." To most French officers the abandonment of Algeria would be a moral Dien Bien Phu, which the Fifth Republic in its turn might not survive.

Buddhism in Burma

FROM A CORRESPONDENT

SINCE August 27th, when the Burmese parliament passed a constitutional amendment making Buddhism the state religion, a slightly uneasy calm has settled over the country. There have been no more of the large demonstrations which preceded the introduction of the bill in parliament. The calm is due partly to the strict security measures, including a ban on demonstrations, and is probably due partly to the fact that the constitutional amendment, when revealed after prolonged secrecy, turned out to be more innocuous than had been expected. It simply states that Buddhism "shall be the state religion," directs the government to promote, maintain and protect Buddhism and commits the government to various measures, such as calling a yearly advisory meeting of leading monks and providing separate hospitals for monks.

Once it became clear to the government that it would have its way, it handled the issue with great tact. U Nu, the premier, repeatedly appealed to the Buddhists for tolerance. The government announced during the parliamentary debates that it would form a committee of leaders of all religions to advise the prime minister "in all matters likely to lead to discord between Buddhists and non-Buddhists." Later U Nu consented to a further constitutional amendment that would guarantee the right to profess, practise and teach other religions.

The issue, however, is not yet closed. This further amendment also provides for the teaching of Buddhist scriptures and the Pali language to Buddhist students in state schools, universities and teacher training schools; in addition, new primary schools are to be established whenever possible in monastery precincts. The government is to provide libraries and reading rooms with sacred writings. Government offices, schools, public bars and liquor shops are to be closed on Buddhist sabbath days. All this was expected to be vigorously opposed by Christian, Moslem and—to a lesser extent—animist deputies, who feel that such an active promotion of Buddhism amounts to discrimination against their own religions. Many educated Buddhists also believe that such extensive legislation is both unnecessary and unwise. The amendment was nevertheless passed without difficulty.

THE motives of those who support a state religion are somewhat obscure, especially since the idea contradicts the wishes of the national hero, General Aung San, who was murdered together with most of the cabinet shortly before independence. Recently U Nu explained that the movement in favour of a state religion had become so strong that fanatics would eventually have forced more extreme measures on the country. In fact, however, the movement seems to be largely U Nu's creation, since the idea of a state religion has been advocated principally by him and his followers.

Suggestions that U Nu is using religion for political advantage appear to be untrue. The fervour with which he has promoted the bill, both publicly and privately, suggest that he is moved by sincere religious feelings. If the government provides for the welfare of the people in this life, he argued, it should provide for their welfare "in the inestimably long future existences." And since "certain governments" regard religion as an opiate, governments which cherish religion must take the lead in promoting it.

Neither U Nu's good will nor the projected constitutional guarantees have reassured the non-Buddhists completely. Haunted by memories of religious discrimination during the Japanese occupation, they fear that the establishment of a state religion will again lead to arrogance and intolerance on the part of less enlightened Buddhists. They fear informal discrimination against the appli-



U Nu: Buddhism is U

cations of non-Buddhists for government positions and scholarships. For the most part, the minorities have confidence in the fairness of U Nu himself, but he has announced that he intends to retire in two years. For many of the non-Burmese peoples of the Union—the Kachins and Ch'ns of northern and western Burma, the Karens of lower Burma and the Moslems of Arakan—the introduction of a state religion seems the latest and most inexcusable addition to a long list of grievances. For years they have complained that Burmese were favoured for government jobs. They have resented the Burmese administrators who have poured into their areas. They have alleged that the development of their areas was being neglected in favour of Burma proper. These complaints are difficult to prove or disprove. The minorities also dislike learning Burmese, but have bowed to the necessity of having a national language. The Kachins resented the sacrifice of their territory in the China border agreement, but that, too, seemed unavoidable. In the state religion law, however, they have what seems to them a dramatic, arbitrary and unnecessary example of Burmese domination. The measure has therefore become a focus for the accumulated grievances of the non-Buddhist minorities, and threatens to reawaken the old racial suspicions between the Burmese and the "hill peoples."

Even while the state religion bill was being prepared, representatives of all the minority peoples except the Karens issued a declaration in favour of a federal system, which would put Burma proper (with two-thirds of the Union's population) on an equal footing with the present associated states. Federalism had previously been advocated mainly by the Buddhist Shans; this declaration was the first sign that the Kachins and Chins, the two most heavily Christian minorities, were interested in it. Their resentment at the introduction of a state religion was clearly the reason for the change in their attitudes.

More recently an insurgent organisation called the Kachin Independence Army has appeared. It has distributed leaflets, sent letters urging defection to Kachin soldiers, threatened local chiefs and raided the treasury in the Kachin state capital. So far it is small and relatively ineffective, but its presence is disturbing in a state which has previously had no insurgents at all. Most Kachins blame the state religion law for its appearance. Disaffection among the Kachins is particularly ominous, since they have long been known as the most loyal minority. During the civil war after independence the government relied heavily on Kachin troops, which still constitute nearly one third of the army.

The first indications are that the establishment of Buddhism is not bringing the peace and harmony its advocates predicted. Instead it has made the internal security situation worse—and internal security remains Burma's most pressing need—while appearing to have set the often proclaimed goal of national unity a few steps farther away. No doubt the harm can be minimised if the minorities are treated with tolerance and respect. As the prime minister has admitted, the responsibility for this rests as much with the Buddhist masses as with the government.

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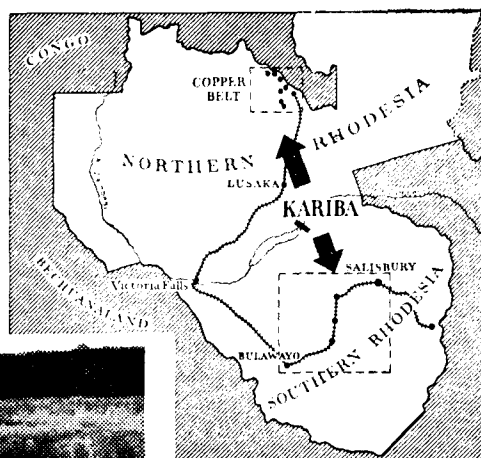
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THE BUSINESS WORLD

Half Measures at Vienna

FOR a conference that was intended to put an end to uncertainty, the Vienna meeting of the International Monetary Fund was dangerously inconclusive. Admittedly, Dr Jacobsson was able to declare that he had secured a go-ahead from all the countries concerned for a detailed formulation of his plan for supplementing the resources of the Fund by borrowing from creditor countries. In form, he can point to agreement *en principe*; but no one who witnessed the strong positions taken against the original proposals and who felt the undercurrent of hostility in some quarters would put too much store by that.

The original plan was to arrange a line of firm commitments, subject to proper consultations, for loans by creditor countries to reinforce the IMF as a whole. This has now been dropped. At the instigation of France, the Netherlands and Belgium it has been amended at two important points. In the first place, it now seems certain that the creditors will exert a control over the calling of the credits additional to their normal influence over any operation by the Fund involving their currency. Secondly, the agreed credit lines are to be designed not for general use by the Fund but for the specific and limited purposes of meeting any large drawing on the Fund by the United States or to counter a speculative capital movement against another major currency, provided it can be established that the movement is likely to be reversed, and is not the result of unsound domestic policies by the country concerned. As one official succinctly summarised it in private, there would thus be objective criteria for the activation of the credits, and some discussions by the creditors to see whether these had been fulfilled. This is seen as a half-way house between a completely discretionary and a completely automatic system.

A partial recompense for the limitations written in to the multilateral scheme is a supplementary plan for the Fund to obtain credits under Article VII by bilateral arrangement. These credits are designed to replenish the Fund with the currencies it immediately needs, and the proceeds would be used in conjunction with the Fund's normal resources. Germany and Italy are expected to grant such credits quite soon; in other countries, however, necessary legislation must first be enacted. Presumably such bilateral credits would be counted against countries' commitments in the multilateral scheme—which, in any case, are unlikely to be firm commitments. The bilateral borrowings may also be extended to Switzerland, but as the Fund may not hold the currency of a non-member, these would presumably be in dollars—and subject to the approval of the United States.

What emerges from this is not so much a stronger IMF as a second and largely separate line of possible stabilisation credits, which although formally routed through IMF would in fact be akin to direct credits from national governments acting in co-operation. The distinction has been played down, but it is in a sense the essence of the whole argument about the future of international credit. The Jacobsson plan in its original form, while it could be dubbed as essentially a patch-up operation, was still a first step towards the concept of an international clearing presided over by a strong international monetary authority. This was just what the conservative factions on the Continent opposed—Mr Macmillan's analogy a few months ago of the international monetary system with a children's game of poker, in which the player who had run out of chips just stocked up from the winner's pile, struck them with horror. The Jacobsson plan, post-Vienna, has no such connotations: it provides just for the piecemeal patch-up, after solemn agreement that a patch-up is warranted.

THE compromises that Dr Jacobsson, the active Americans and the unseen British have made are therefore serious ones, and one wonders whether there has been a sufficient effort to meet the Continental opposition on other fronts. This might well be politically more delicate and administratively more complex, but it might also be the only way of securing a strong IMF. The issue has an immediate bearing on the detailed formulation of the scheme that Dr Jacobsson hopes to secure, by hard bargaining, by mid-December.

The French in particular have long resented the dominance in the Fund of the "Anglo-Americans," who together wield 37 per cent of the votes compared with less than 17 per cent for the common market six. This weighting is at present quite fairly based on the quotas, which have hitherto been the Fund's sole means of finance. But it is clearly reasonable that if countries should now put up additional amounts in loans, they should be given an additional voice. Indeed this is almost certain to happen pragmatically—the executive directors who speak for France and Germany in the Fund will command closer attention. But it might be diplomatic to recognise this formally too, perhaps through special additional votes linked to credits to the Fund that are actually taken up.

Continental opinion should also be reassured about the Fund's scrutiny of borrowing countries. In fact the Fund's influence is already much stronger here than is openly admitted; when Dr Jacobsson was in London in June for routine Article VIII consultations, one may be sure that he

made no secret of his views about what the Chancellor should do. But the European countries to whom British officials reported in "working group three" of OEEC, after the announcement of the measures but before the granting of the Fund credit, could reasonably feel they were being "told" rather than "consulted." It is certainly undesirable on all counts to work towards a two-tier system of international scrutiny, such as seems to be on the cards at present. So it may be in everyone's interest to acknowledge the discretion and influence that the Fund does and should wield with any large borrower. The main task at present is to convince the Continental creditors that their legitimate aim—which is briefly to ensure that their money is not frittered away—can be achieved as well through the Fund as outside it. Perhaps the biggest priority here is to start thinking about the successor to Dr Jacobsson who must be found by early 1964; it must be clear that the Fund management will remain in strong hands.

ONE should not give up hope therefore of reversing the unfortunate check to the development of IMF that now seems to have occurred. But clearly one cannot count on this, least of all quickly. What then? No one, it seems, expects things to go smoothly. Dr Holtrop of the Netherlands Bank, who is broadly on the conservative side of this argument, himself pointed to the essential part in the present key currency system that is played by uncertainty: if everyone were certain that the dollar price of gold would never be raised, they would hold only dollars, while if they were certain that it would be raised, they would attempt to get back fully into gold. This is indeed the analysis that has long led other people to the conclusion that one must move away from gold as even the ultimate base for world liquidity, and towards managed international as well as national credit. Dr Holtrop, while he has no illusions about the special virtues of such credit as happens to be based on gold, would still be wary of any move towards international credit. But, as he said,

It is an intriguing question whether one should prefer uncertainty to continue its present function, or whether one should try to replace it, as would be conceivable, by some arrangement that would give more certainty but less liberty of action. One might think of arrangements in which the Fund would play an intermediary role. One might also think of an agreement between the main reserve-holding countries and the key-currency countries on fixed limits within which the former shall maintain the proportion of their reserves held in gold and in key-currency.

So the central bankers' freedom is likely to be limited in any case, by voluntary abstinence and *ad hoc* agreements if not by a formal move towards an international central bank. Yet the more timid choice may well be at once more irritating to the participants and less effective internationally.

The outcome of Vienna is that international financial co-

operation remains at the *ad hoc* stage. The gold market remains governed by the informal understanding between the United States and the Bank of England; arrangements to take care of a renewed run on the dollar into gold are provided for only in general terms, leaving the important decisions to the moment of crisis. The demonstration that countries are likely to be guarded about committing themselves internationally, and still feel an overriding obligation to keep watch over their own parish, even if this is in danger of being overwhelmed by the general flood, has not been exactly reassuring. One may recall that the Basle credits, which some Continental central bankers regard as an adequate second line, lost all their psychological effect as soon as it became clear in June that the creditors were having hesitations about maintaining

and extending them—even though at that very moment additional funds were being provided. A shut-out bid against speculators has to be made decisively; and if a stabilisation scheme were to be accompanied by the kind of to-ing and fro-ing that seemed likely from the tenor of the Vienna meetings, it might just as well never be mounted at all.

THE other outstanding disappointment in Vienna was the low priority allotted to the World Bank's plea for more grants or grant-type credits for development. Indeed there is a clear danger that conservative use of the IMF

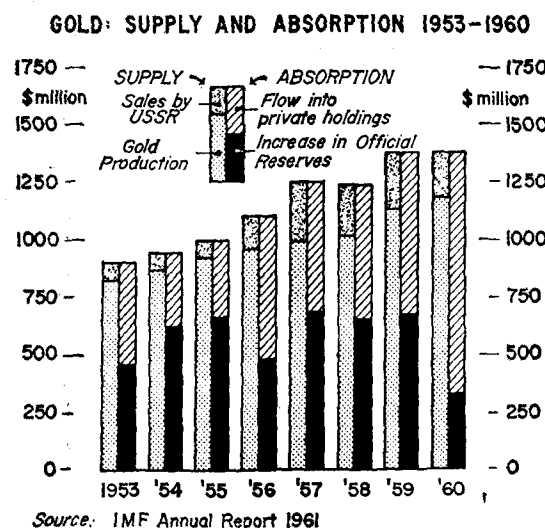
scheme may threaten existing development programmes. A number of Continental bankers are already saying that they have no intention of providing credit for the Fund so that the United States can push out the money in aid, spent on its own exports, to Latin America. It would be wrong to give the impression that suspicion and distrust of this kind exists at all levels; but it is too common for comfort.

Mr Selwyn Lloyd, in his one notable contribution at Vienna, gave a strong warning. Without the additional resources for the Fund from the borrowing arrangements, he said, "it will not be possible to ensure the effective functioning of the present system of international payments." This is true. As is clear on the simplest analysis, a system of fixed rates of exchange can be reconciled with stable domestic policies only with the aid of a flexible system of international credit. If that system is not provided, something else will have to go, and as it is neither likely nor desirable that economic growth at home or assistance overseas will be sacrificed, the burden of adjustment could fall on exchange rates. Let the bankers consider that, and choose.

BASLE: A NEW CONTRIBUTION

Asked by a journalist whether the Basle gentlemen's agreement still existed and would be continued, M. Baumgartner, French minister of finance, replied with his customary precision:

Il n'y a jamais eu de gentlemen's agreement de Bâle, mais il n'y a à Bâle que des gentlemen.



Paradoxes of the Power Curve

NO curve of industrial achievement more triumphantly outruns the blinkered bounds of prudent common sense than the growth of electricity consumption, in Britain as, indeed, almost everywhere else. The argument of many electrical engineers that demand for power doubles itself every ten years as an inexorable law of nature is calculated to raise any outside eyebrow—until one looks at the record and sees that it remains obstinately true.

Even the supply industry itself had qualms, back in 1958 when it was reckoning its future investment needs, about the continued fixity of this compound growth—7.15 per cent per year in winter peak load on the British power system for the last eleven years. It set its plant programmes and arranged its future borrowings, therefore, on the assumption that any consistent departure from the present trend was likely to be downwards, not upwards. In practice, since 1958, such departures have consistently been upwards; and during last year the Electricity Council, which co-ordinates the total investment programme of the Central Electricity Generating Board and the 12 area electricity boards in England and Wales, accepted the CEGB's argument that investment in power would have to be revised upwards. As this industry is responsible for the largest single investment programme in the whole British economy, the "appreciable difference" that this revision will begin to make from 1963-64 onwards represents some massive sums of money.

Under the programme published in 1958 the supply industry had expected to invest £1,280 million in power stations, transmission lines, and distribution equipment between April, 1961, and March, 1965. It now puts that figure at £1,472 million—and the increase in power station investment would have been greater were it not for last year's reduction in the nuclear programme and the continuing economies in capital costs achieved by building bigger and better conventional stations. By 1966-67 the industry, in England and Wales, expects to be investing more than £400 million a year—of which it expects to have to raise some £180-£190 million a year as new capital (under the present dispensation, as fixed-interest advances from the Treasury financed from general gilt-edged issues).

In its 1958 programme, "Power for the Future," the industry set itself the task of financing 48.6 per cent of its total investment from internal resources. This was a seven-year average: the proportion of self-financing would actually have risen during the period from 44 per cent to 53 per cent of gross electricity investment by 1965, and pre-supposed that the industry would be earning surpluses of the order of £55-£60 million a year by the middle sixties. This industry, along with others in the public sector, is at present engaged with the Treasury in settling what rate of return on its capital it ought to aim at earning over the next five years, under the

Government's new rules for nationalised industries. It is not likely to emerge from that exercise with any lower requirements for self-financing. Even to maintain its average of 48.6 per cent of capital expenditure from within from 1958 to 1965, on the significantly larger investment programme it now envisages, would mean somewhat larger surpluses than electricity was already planning. If the Treasury sets it a somewhat higher rate of return to earn, those surpluses will have to be even bigger.

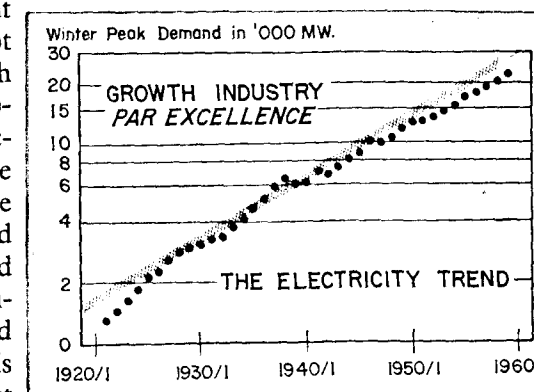
THIS will set the industry two major problems—earning the surpluses, and holding on to them. Earning them, even in an industry with the strongest sales curve in Britain, will not be simple. Budgeting in this industry is highly

geared to guessing one's sales right, and the margins of retainable profit are proportionately tiny. So year-to-year fluctuations in growth (from which not even electrical engineers are immune in their forecasting) can upset this accounting—even if actual sales are higher than expected, not lower. In 1960-61, for example, the Central Electricity Generating Board had expected to sell 98,000 million units of electricity; in fact it sold 103,000 million. Much of this uncovenanted extra power, inevitably,

was sold at peak hours, mainly during the winter, when the board has to bring into short-term use a very large proportion of its older stations, with much higher running costs.

The generating board always expects to meet the extremes of its winter peaks with power produced at a loss. But it had set the unit charge in its bulk supply tariff, for sales of power wholesale to area boards, at a level designed precisely to recoup the average running costs of power throughout the year; it had reckoned to achieve its margin on sales wholly out of the maximum demand charge (which is essentially the fixed charge in this two-part wholesale tariff). So through selling much more power than it had expected at unit prices below running costs, along with some late commissioning of new power stations and transmission lines, its revenues were roughly £4 million lower than it had reckoned. And this, since the board chose further to increase its highly conservative provision for depreciation to £66 million for the year, meant a 1961-62 deficit of £1½ million for CEGB (after paying, however, £54 million of fixed interest on its capital).

This failure of operating profits to fulfil the budget because sales beat the forecast illustrates one of the paradoxical difficulties of achieving as much profit in this remarkable industry as one may plan. The area electricity boards together achieved a surplus of £17.8 million last year; but this, too, for the rather more conventional reasons of paying higher wages and higher prices for fuel, was £3½ million lower than in 1959-60. Increases in this industry's provision for depreciation involve another of its paradoxes; but these provisions might be classed as an element in its second major problem—



holding on to its earnings on capital once these are earned.

Because the new power stations that it is ordering today are much cheaper than those it was ordering in the mid-fifties, the CEGB is in the odd position that if it provided for depreciation on the basis of present capital costs per kilowatt, it would be putting aside less than on the basis of historical costs, not more. In practice, it sticks to historical costs most conservatively reckoned: it must indeed almost be running out of further sound accounting procedures for stashing away more and more of its earnings under this heading every year. (As Professor Ronald Edwards, chairman-designate of the Electricity Council, observed with unsuitable gravity this week, "I think I can honestly say that our provision for depreciation is fully adequate to cover what I would rather call current costs than replacement costs.")

Holding on to the profits that electricity can earn, in order to help finance one of the largest single capital programmes in history, may not be an easy process for this industry over the next few years. There are outside contenders wanting their cut out of whatever can be identified as a surplus after paying interest: the electricity trade unions and the electricity

consumer. Even if the industry finds itself required by the Treasury to earn a relatively high rate of return for the public sector over the next five years it may be hard put to protect the surpluses this will entail from the extra demands they may engender among its labour.

Nor will they find the power consumer exactly pleased to face increases in tariffs from an industry earning larger surpluses than any nationalised industry has ever made before; though most of the recent round of tariff increases is now over, there may well need to be another round by, say, 1963-64. The warrant for these surpluses will not be that there is some ideal rate of self-financing that any given industry "ought" to achieve. It is, arguably, that the vast amounts of government-guaranteed capital which Britain is investing in this public utility ought to earn a rate of return not too far out of line with the rate such a proper utility would have to pay to raise capital in a comparatively free market. That is the lesson in down-to-earth economics that this industry, at least, will have to teach the public over the next few years: it will have one of Britain's best down-to-earth economists, along with one of its most lucid engineers, to head the faculty.

Issues in Iraq Oil

FOR at least a year, to some outside observers of the international oil business, it has seemed possible that some new "breakthrough" in the financial arrangements between the major oil companies and the "host" governments of Middle East countries where they produce oil was on its way. For much longer than that it has been possible to guess, or fear, that if and when some new general formula to supplement or replace "fifty-fifty" did arrive, it would involve the participation of host governments in the ownership of the operating companies. Circumstances rather than reasoned selection raised the suggestion, early this summer, that Iraq might become the first producing country in which major oil companies might agree to participation by the government in the ownership of an operating company already producing oil under an existing concession agreement. It is now clear that they will not. The consequences of refusal—perhaps particularly of refusal after allowing General Qasim's hopes to be raised—might be grave. But it is rather doubtful whether they would be catastrophic.

Whether it was wise for the Iraq Petroleum Company and its shareholder companies, after negotiations with General Qasim had been abruptly suspended in April, to begin overtures for the resumption of negotiations so soon has still to be shown. These overtures appeared to be backed, about three months ago in London, by a feeling on the part of certain IPC shareholders that some sort of formula for government participation in IPC might possibly be worked out. Shell, last December, had been the first major company to sign any deal that accepted the principle of eventual government participation in production, under a new concession, in its Kuwait offshore deal. It may therefore have believed rather more in the principle than its partners in the ownership of IPC—British Petroleum, Standard Oil of New Jersey, Socony Mobil, the *Compagnie Française des Pétroles*, and the Gulbenkian interests.

But whatever the original line-up of opinion among IPC's

shareholders about the principle of government participation in its ownership, by the time that General Qasim responded favourably to the overtures for resumption of negotiations it was probably clear to all of them that no practically acceptable formula for participation in existing oil operations in Iraq could be worked out. The company and its shareholders, by the letters in which they had accepted the Iraq government's demands over the suspension of payments in respect of "dead rents" pending arbitration, and over relinquishment of unexplored territory in the concession area, and by their general expressions of confidence that a satisfactory conclusion could be reached, had achieved this resumption. But they had done so by going as far as they could on most of Iraq's other demands; and this left them without much else to offer.

What General Qasim had pressed for most was 20 per cent participation in the existing IPC operations. His claim was based originally on clauses in the San Remo agreement of 1920 and the first Iraq concessions (against which claim the companies would argue that Iraq governments in the meantime had had offsetting satisfactions), but also upon the argument that changed circumstances now justify a larger share for Middle East governments in the proceeds from the oil taken out of their land. When the negotiating team withdrew to London three weeks ago, it promised no more than that the companies would present to the General a fully documented statement of the reasons why they were unable to promise any satisfaction of this claim. That answer, presumably, will have been presented to General Qasim this week. The IPC shareholders' objection to participation comes from grounds of practical possibility, not of principle.

The practical difficulties of such a proposal would obviously, indeed, be fundamental to the present nature of IPC. This is run as a non-profit-making company that simply carries out the physical operations of developing, producing and moving the oil (from concessions granted to it, not to its shareholders). In lieu of dividends, IPC's owners are entitled to oil in volumes

proportionate to their holdings, special arrangements being made to take care of the Gulbenkian five per cent. The actual financial sale of oil, whether to tanker or refining affiliates of the owner groups or to independent buyers, is made by local trading affiliates of the owners that receive the oil from IPC. And it is these companies that submit to Iraq income tax—reckoned as if all sales were at posted price, regardless of the discounts they may in practice have to grant many customers. As things stand in British tax law, it has to be. Dual taxation relief might not be granted under our law in respect of dividends paid on a minority shareholding in any new profit-making company registered in Iraq to take IPC's place.

Any government participation that required IPC to be converted into a profit-making local company that could pay the Iraq government and the existing shareholders dividends instead of oil, therefore, might threaten certain of its shareholders at least with the loss of tax credits by virtue of which they are able to support the whole existing 50-50 income tax agreement. On the other hand, if the government were simply cut in on a percentage share of oil produced, not money profits, it would probably expect its prospective partners to take over and market this oil at posted prices—which in a soft market would mean accepting losses later on the prices consumers pay for products, and reducing the retainable profits that are needed to support further oil investment all along the line. Alternatively, it could try to sell this oil itself to independent buyers as it has in the past, unsuccessfully, tried to sell its "royalty oil." That would mean accepting large discounts (currently up to 40 cents a barrel on a posted price of just over \$2 a barrel) on very large volumes of oil. It would further undermine the present structure of posted prices at an artificially high level, from which Middle East governments still benefit, even if nobody else does.

How, moreover, would one assess the value of a 20 per cent participation in IPC? On any assessment of either written down or replacement value of the company's book assets, the valuation of such a shareholding would sound small in relation to the revenues that Iraq receives each year from oil—though payment of even *this* capital price, one may be certain, would be impractical for the Iraq government except by protracted instalments out of the oil revenues later accruing to it. But on such a valuation IPC would be an investment with an extremely high rate of return, since the Iraq cluster of companies pay the government revenues of some £90 million a year, as 50 per cent of what profits would be at posted prices and would probably retain, even allowing for discounts on sales to independent buyers, a not very much smaller sum themselves. Taken at face value, there is no doubt that the rates of net return on oil operations generally in the Middle East are several times the net rates obtainable on, say, manufacturing businesses in Europe.

No businessman could possibly hope to be cut in on a fifth share of any highly profitable investment for the equivalent of a few months' profits. But a nationalist landlord feeling that, after all, the profits come basically out of his country's soil might indeed expect to come in for a fifth of the written-down book value—and any new deal made in Iraq would have to be offered very soon if not simultaneously to the other main producers of the Middle East. This question of rates of return, is indeed one upon which the companies are hoist with the consequences of their own bygone expedients.

Such rates of return—OPEC and other experts are presently

mounting elaborate studies of them, but it is not hard to get most of the way on the back of an envelope—are unfortunately unreal, however accurately computed. They represent at present virtually the whole net return on all trading in Middle East oil everywhere, not simply on its production and movement to tidewater. The major integrated oil companies operating in the Middle East found it convenient, about a decade ago, to show the bulk of their profits on this oil, and pay the bulk of their taxes, on their investments in the producing countries; and they remunerated their considerably larger investments in facilities to transport, refine, and market this oil partly out of such profits emerging at the point of crude oil sales at posted prices. But when oil moved into world surplus in the late fifties, and the prices the industry could get for products softened, it was unable to cut the posted prices in the Middle East nearly in proportion. The industry is now generally in the position of making significant losses on operations subsequent to production of this oil, as against the exaggerated profits attributable to their operating or trading subsidiaries in the producing countries.

WHAT the companies may have had to offer in Baghdad this week was some form of joint ownership of a new company that might be formed to explore and develop oil in the unexplored areas that IPC has agreed to give up over a period (it has agreed to relinquish 75 per cent of its concession area straight away, but another 15 per cent in seven years' time). If General Qasim cannot accept this, the companies may face another breakdown in negotiations. They have to be prepared, too, for measures of one kind or another to place the oil operations in Iraq under duress—though one would guess that these measures may stay short of interfering with the actual flow of oil and hence of government revenues. It is possible, indeed, that General Qasim might emulate Dr Mossadegh—relying no doubt upon the goodwill of his OPEC partners, such as Kuwait, to refrain from benefiting at his expense? But the general has always stopped sensibly short of interfering with the actual flow of oil and revenue—and in 1961 he knows the world oil market is in an utterly different state from 1951.

By the time this article is read it may already be clear whether "good sense has prevailed" in Baghdad this week, though it would be easier to use this soothing phrase if one were quite sure what good sense would amount to there. To any Westerner whose prejudices are simply those of a consumer who wants more and more oil, cheap but at a price that will still keep it flowing from friendly sources getting a fair rent, the current postures of producing companies and producing governments in the Middle East may not seem to make very good sense at all. One may doubt whether government "participation," even in new concessions, will ever make terribly good sense if these concessions begin contributing really large shares of the world's oil supplies. The main function and indeed the main justification of the international oil business is that it need not take narrowly national considerations into account in its arrangements to match demand with supply, while any national government worth its salt would have to do so. But this does not mean that existing formulae, which were adequate ten years ago to a Middle East oil industry a third of its present size in a period of inflation, remain wholly adequate to it under the pressures of surplus in the sixties.

BUSINESS NOTES

BANK CREDIT

Responding Dramatically

THE squeeze on bank credit is yielding dramatic results. In the month to mid-August, the net advances of the clearing banks showed a near record fall of £104 million, and one wondered whether this was artificially swollen by fortuitous influences. Now, for the five weeks to September 20th, the clearing banks show a further fall in net advances of £128 million. The combined fall of £232 million is easily the largest ever experienced. As holdings of liquid assets have turned upward at the same time, the banks' liquidity worries suddenly appear to be fading—which is not to say that the bankers are not keeping their fingers crossed.

The September fall in advances, like the August fall, is well spread among the main banks. It also seems likely to have been pretty widely spread over the main categories of borrowers. The local authorities, certainly, have been under pressure to repay bank overdrafts by turning, or returning, to the mortgage market—last week's quarterly classification of advances, it may be recalled, showed that in the period from mid-May to mid-August as a whole their outstanding advances were little changed. Hire purchase borrowers, property developers and personal borrowers have also been under special scrutiny. And repayments from industry are now coming in from the proceeds of stock issues, which were already exceptionally numerous in the months immediately before the official measures of July 25th. The recent spate of rights issues, which in some cases allow for a long spread of calls, holds the promise of overdraft repayments in the months ahead. Finally, the turn-round in sterling has doubtless had an important effect on the volume of bank credit. Apart

from any London borrowing by non-residents which may be able to escape the official ban, the leads and lags in trading payments have a strong influence here. Now that British exporters are no longer hesitating in remitting their external proceeds and importers are no longer advancing their external payments, they need less domestic bank credit.

For the second month, the large fall in advances obviated the need for any further bank sales of gilt-edged—indeed portfolios in September actually rose by £2½ million. And whereas in August liquid assets were still falling, so that the liquidity ratio improved only marginally, liquid assets in September rose by £71 million. Despite the final call of special deposits bringing the ratio to the stipulated 3 per cent, the liquidity ratio jumped from 32.9 to 34.3 per cent, its highest since January, 1960, and the highest September figure since 1957. This is the season in which the Exchequer deficit mounts, and in recent weeks it has been particularly high. The overall Exchequer deficit in the latest five weeks was £152 million, compared with £87 million a year before, and after crediting receipts from non-marketable securities the net shortfall, at £123 million this year, was fully £80 million larger.

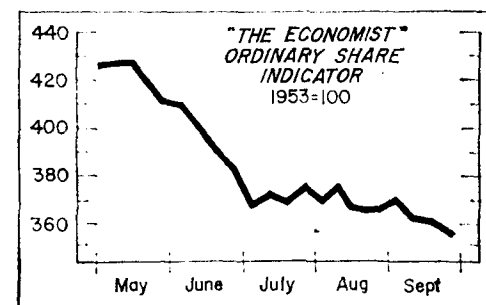
IN THE MARKETS

Waiting on ICI

SELDOM can any company statement have been awaited with such keen interest in the Stock Exchange as Thursday's interim report from Imperial Chemical Industries. Because of its widespread interests, ICI's performance is generally regarded as being a fair guide to that of British industry in general, and this week markets have been marking time, at first fearing the worst and then, by Wednesday, taking a slightly more hopeful view. Other half-yearly statements from Vickers and AEI have continued the recent trend of unfavourable company news and the earlier sharp fall on Wall Street (largely offset by Wednesday's rally) gave little incentive for buyers to enter the market. But the volume of selling, too, has continued to be light and losses have often reflected marking down of prices by jobbers rather than any strong pressure of selling. However, the *Financial Times* index has been inching down to the 300 mark and by Thursday's close after the ICI statement was only 0.6 above this level at a new 1961

low of 300.6. Over the week to Wednesday *The Economist* indicator fell to a new low point for this year of 355.7.

A major feature of equity markets this week has been the first dealings in shares from the £22 million rights issue made by Royal Insurance. As the shares were issued on a one-for-three basis at par, the rights were worth over 110s. and there were a number of eager sellers, but the demand for the new shares was also strong and after opening at 38s. premium on Monday the new shares found their level at 35s.-36s. premium. There were sharp fluctuations in the prices of Hoover ordinary and "A" shares early this week on rumours of a



possible take over bid by the American parent company. These rumours were hastily denied, but the cynical—or the hopeful?—remember the number of times similar denials were made by Ford Motors.

On Wednesday the gilt-edged market had its busiest day for some months, though interest was virtually confined to the short dated market, where the tap prices of Conversion 4½ per cent 1963 and Exchequer 5½ per cent 1966 were both raised. The continued strength of sterling is again encouraging the optimists to look towards a cut to 6 per cent in Bank rate. But, with wage battles looming ahead, there is no reason to think that the authorities have any such intention in the immediate future.

Margins Squeezed

THURSDAY'S figures from Imperial Chemical Industries gave no grounds for optimism even if they were perhaps no worse than expected. The sharp fall in gross income in the first half of 1961 to £36.7 million compared with £50.2 million in the same period in 1960 shows how deeply higher costs and intense competition are eating into profit margins. Sales in 1960 were particularly buoyant and last May Mr Chambers suggested that they had then been running at about the same level in 1961. In the first six months, however, home turnover was about 2½ per cent down because of lower selling prices. Despite price reductions, exports sales rose to £49 million compared with £47.3



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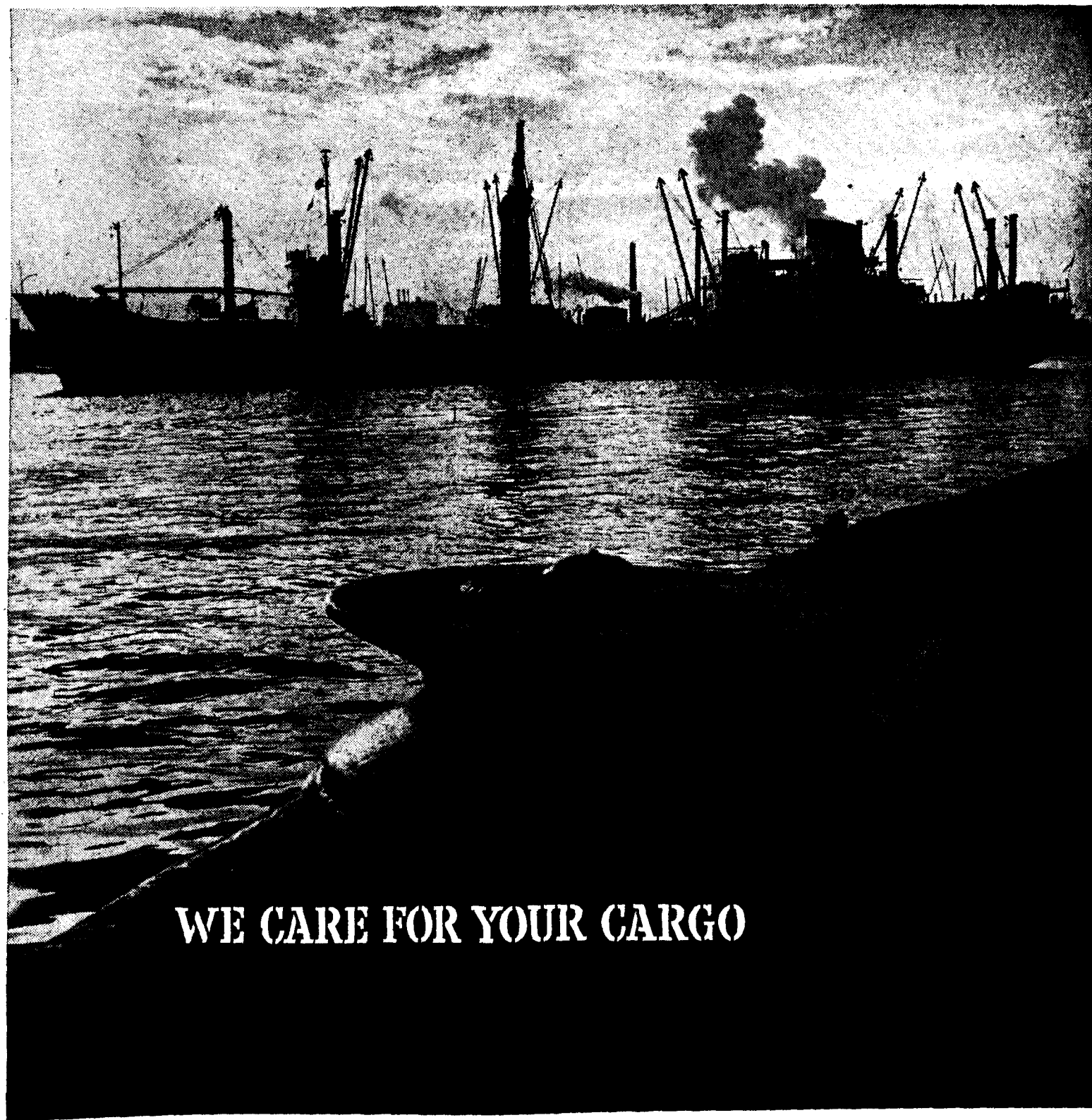
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LONDON CLEARING BANKS, SEPTEMBER 20, 1961

	£mn.	%	Change on Month	Year
Gross deposits	7,359		— 78	+151
Net deposits*	6,916		— 31	+143
Liquid Assets	2,522	34.3	+ 71	+245
Cash	602	8.2	— 15	+ 17
Call Money	585	7.9	+ 6	+ 8
Treasury Bills	1,079	14.7	+105	+ 96
Other bills and "liquid" credits	255	3.5	— 25	+124
Special deposits	221	3.0	+ 36	+ 79
Risk Assets:				
Gilt-edged	936	12.7	+ 2	—247
Other market investments	112	1.5	— 1	— 17
Advances*	3,318	46.7	—128	+114
(to State Boards)	61	—	— 13	— 8

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



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million in the first half of 1960, and were only fractionally below the record £49.3 million in the second half of 1960. ICI's gross income has had to meet a higher charge for depreciation, as the company steps up its capital expenditures on new and larger plants. In the last annual report, the directors said that ICI was resuming the higher rate of capital expenditure before 1958, when it amounted to about £60 million a year. Despite the £34 million secured by last January's rights

SALES AND PROFITS (£ million)

Six months ended	Dec. 31, 1959	June 30, 1960	Dec. 31, 1960	June 30, 1961
Sales	259.0	288.0	270.0	287.0
Gross income	39.2	50.2	37.8	36.7
Taxation	17.6	23.0	17.5	16.3
Net income	20.6	25.7	19.5	19.2
	%	%	%	%
Gross income/sales	15.1	17.4	14.0	12.8
Net income/sales	7.9	8.9	7.2	6.7

issue, ICI still leans heavily on self-generated resources. Last year's cash flow amounted to almost £60 million but the decline in profits in the first half of this year makes it unlikely that this figure will be matched. With the fall in profits comes an unchanged interim dividend of 6½ per cent; at the time of the rights issue the directors forecast a maintained 13½ per cent for 1961, and shareholders will be unwise to expect anything more. On these figures the £1 shares dropped only 9d. to 65s. 3d. but the fall would probably have been more but for covering by the "bears."

MOTORS

Little Change in August

CAR production in August was at its lowest rate for many years, but this resulted from the holidays rather than from any intentional cut in output. The summer holiday shut-down is usually divided between July and August, but this year both weeks fell in August and the industry only worked for a fortnight. Even after allowing for this, however, there was still a fall in output of about 3,500 a week. Perhaps half of this is explained by the introduction of the new Victor, which meant that Vauxhall sent out few cars during the month; some of the remainder is explained by the effects of the strike at the SU carburettor factory, which was beginning to cut into the production of cars by BMC and the other companies that use these carburettors. But there seems to have been some slight reduction in the pace of output as well, to meet the expected fall in sales during the autumn.

This factor has become more important in September; apart from the introduction of short-time working by Standard-Triumph International, Ford seems to have been reducing output by cutting out most overtime working, in accordance with the gloomy view of the future that has been expressed by Sir Patrick Hennessy. Mr George Harriman, the managing director of BMC, has shown a more optimistic attitude

about the prospect for the rest of this year, which suggests that he does not consider that his firm will need to go onto short-time in this period. Among the smaller makers, Rootes has had its production stopped by the strike at British Light Steel Pressings, a more drastic cut than it can be content with when it is introducing new models, and Vauxhall also has to build up stocks of its new car. Both thus have a cushion against short-time. According to present attitudes, Ford seems, unexpectedly, the company most likely to join S-TI on short-time during the autumn—unless its workers settle the prospect by striking.

THE EXCHANGES

Brooding on Vienna

WHILE most bankers are returning from Vienna anything but reassured, their fears and reservations have not yet had any noticeable impact in the exchange markets. Sterling has remained in continuous demand, for commercial operations, for the covering of short positions and, occasionally, for short term investment—this still being covered in nearly all cases by a sale of sterling in the forward market, where the discount remains near its interest parity. The only substantial seller of spot sterling has been the Bank of England, and these sales have kept the rate steady at around \$2.81½. The market expects next week's gold figures to show a substantial further intake.

Sterling is not generally expected to be the victim of the next speculative attack—the commonly heard doubts are rather about its eventual ability to withstand the impact of competition in the common market—and the notable market feature this week has been what has not happened in the gold markets. Demand for gold in London is reported to have been the smallest for weeks; the price, which is of little use as an indicator nowadays as it is being kept below \$35.20 by official sales, has remained at \$35.18½-19. In Zurich however some dealers emphasise that there has been no diminution of gold buying, such as might have been expected if the Vienna meeting had resolved the exchange market uncertainties—which it manifestly has not. By no means all Zurich bankers are enthusiastic about the idea mooted in Vienna that Switzerland itself might lend dollars to the Fund—the dollar seems to be going out of favour again in Zurich. At the same time there has been talk of a possible loan to the British Government on the Swiss capital market as a contribution to the funding of the Basle credits; the amount mentioned is 100 million Swiss francs (some £8 million) which would cover only a part of the Swiss central banking credits. British companies too are now being actively encouraged by Whitehall to borrow abroad, and they are naturally keen to borrow in Zurich or Amsterdam at over 2 per cent below London rates. EMI appears to be at the head of the queue in Zurich.

Japan's Swing to Deficit

THE most exposed currency at present seems to be the Japanese yen. It became apparent in Vienna that far from Japan's being in a position to take an early part in providing credit to the International Monetary Fund, it might soon be obliged to draw on it. Following the large surplus of \$339 million earned on current account in 1959, and a smaller surplus in 1960, the current account swung into heavy deficit at the beginning of this year and by the end of July the deficit amounted to \$729 million. This has been covered in part by short-term borrowing from the United States—official figures show a rise in Japan's dollar liabilities from \$807 million to \$1,277 million in the first half of 1961, and in Vienna United States officials intimated that a good part of the outflow of \$1.7 billion from the United States in this period represented short-term credit taken by Japan.

As a result, Japan's foreign exchange reserves at end-July were still, at \$1,837 million, a little above their end-1960 level, but they were \$200 million below the peak last April, and are expected to fall considerably further. Imports have been swollen by the extraordinary domestic boom—the index of industrial production in the year to July rose by fifty points to 277, and the base is 1955. Now the Japanese authorities are expected to introduce official restraints on domestic activity. Far from contemplating any tightening of imports they have committed themselves to a belated liberalisation; they hope to raise the present ratio of 65 per cent to 90 per cent by September next—though there have been some reports that the removal of quotas will not be extended to imports from Britain and other countries that continue to discriminate against Japan under Article 35 of Gatt.

IFC

Mr Garner's Valedictory

AFTER the big set pieces of the World Bank and the International Monetary Fund in Vienna last week, the governors' meeting of the International Finance Corporation attracted its own special interest. It was the occasion for Mr Robert Garner's last speech on his departure from the president's chair; and he exercised the prerogative of impending retirement to lay down in characteristic style some useful though not always palatable home truths about overseas investment, aid, and the treatment of private capital. The IFC is a youngster of Mr Garner's own creating with no more than four years' experience of assisting private business in developing countries. Its commitments to the end of June amounted to about \$44 million, of which \$33 million have been dispersed; of this latter sum nearly \$9 million of investments have been sold or agreed to be sold to outside investors.

A good, if unsensational start has been made on the foundations that Mr Garner

laid four years ago. IFC's business should in future benefit from the fact that it is now free from the restraining condition, written into its original rules at American insistence, that it could not extend equity financing to its customers. Now that equity participation is possible, IFC will no longer have to impose strange financial arrangements on clients whose awareness of the sophisticated techniques of the American market is limited; its arrangements will now be supple and will serve incidentally to encourage the equity principle in countries where it can be of growing service.

Following the departure of Mr Garner, Mr Eugene Black of the World Bank is to assume the presidency of the IFC while Mr Martin M. Rosen, the executive vice president, will be operating general manager. IFC will thus form part of a spectrum of organisations under Mr Black's care, ranging from the International Development Association, which is providing fifty-year loans at zero interest to developing countries, through the World Bank, with its loans on commercial terms to government or government-guaranteed borrowers, and with the IFC on the other flank seeking to fill gaps in the capital resources of private businesses in developing countries and to encourage them in other ways.

CAR EXPORTS

Europeans Prefer their Own

THE British Motor Corporation and Ford say that the reception of their new Cooper and Capri models at the Frankfurt show has surprised them by its warmth; after the record of British sales in Europe so far this year, such pleasant surprises will have to become frequent if the British industry is to prove able to meet its European competitors on equal terms in the common market. The European car buyer can and does discriminate between a wide international selection of cars, and

	BRITISH SHARE OF MARKETS		in his opinion the	
	Second Three Months		British car still	
	1961	1960	appears a less attractive buy than the	
	%	%	German, Italian or	
Austria . . .	7	6	French product —	
Belgium . . .	9	10	even in markets such	
Denmark . .	16	15	as Sweden and	
Holland . . .	10	16	Switzerland where	
Sweden . . .	7	10	British cars are now	
Switzerland	8	8		

beginning to benefit from the tariff differentials of the free trade area. The reputation that British cars gave themselves after the war of being less well finished, more costly and less effectively backed by a service organisation, seems unhappily still to dog the efforts of the industry to get itself properly established in the European market.

British manufacturers who neglected

BUSINESS NOTES

Europe in favour of the easier Commonwealth and, later, the American markets, now discover that they lack an adequate dealer network in Europe and can hardly expect to find the better established dealers willing to drop their existing franchises in favour of less popular cars. The appeal of the Borgward concern to BMC must have been at least as much its network of dealers throughout western Europe as its production facilities. Now that this company is bankrupt, these dealers will be available for other car makers; and one might expect that the British firms will be the most eager bidders for their services. They certainly ought to be.

Ford is the only British car maker to sell its products in large numbers in Europe, and its Anglia the only model to be sold in quantities that could make the provision of service facilities, on the scale to which local owners are accustomed, an economic proposition. Ford sales, however, have been affected by the general decline in those of British cars this year, though the introduction of the Classic may have offset this. BMC seems to have made little impact on the market so far, despite its determination to establish itself in Europe, and the normal Austin Seven and Mini-Minor have had a surprisingly small sale. The only consolation that British makers may find in the sales figures for Europe is that those of Volkswagen too have been falling, probably for the first time in its history, in all the important markets in which it had become established except Sweden. The firms that have been doing best are those which make cars more similar to those of British makers — Fiat with the 600 D and 1100, Peugeot and the Ford Taunus.

ATOMIC ENERGY AUTHORITY

Uranium for Italy

THE first big nuclear power station ordered from a foreign country was bought from Britain by a specially formed subsidiary of the Italian oil company ENI; it was a feather in the cap of British scientists, although there have been times since when ENI appeared to think that it had perhaps made an expensive investment. This plant is now nearing completion at Latina, south of Rome, and for some months the Italians have been shopping around trying to buy fuel for it at a lower price than they could get in Britain. There is, however, more to nuclear fuel than uranium, as the Italians have discovered. There are questions of the standard to which the metal cans encasing the uranium are manufactured, and also questions about what kind of performance the fuel suppliers are prepared to guarantee. Coal is bought by the Btu; manufactured uranium fuel is bought on the number of megawatt days of heat it will yield per ton, and the economics of nuclear power depend on its being able to reach the proper design figure, which, for a natural uranium reactor, is 3,000

MWd/t. Many factors in the fuel and in the reactor work against these figures being reached; reactor owners want to know that they will be compensated for premature failures and although the Italians may have been offered manufactured uranium at a cheaper initial price than they have finally bought it in Britain, they could not get the same guarantees of fuel life.

The Atomic Energy Authority appears to have settled for a price of the order of £14,000 per ton of manufactured fuel, against the "official" price that it usually quotes of £17,500 a ton, indicating that the Authority has begun to write down drastically the value of its huge holdings of crude uranium. This gives special point to the insistence of the Committee of Public Accounts that in future some details should be given of stock holdings and any losses made on them.

Little is known about the precise guarantees offered to the Italians on the life of this fuel. It is not likely that the AEA would fully guarantee it for 3,000 MWd/t at this early stage of the nuclear art but it is probable that it has given guarantees for between 2,000 and 3,000 MWd/t with a sliding scale of compensation. In return for these concessions, the Italians have probably had to accept a big reduction in the price at which the AEA will buy back the 400 tons of fuel when its useful life in the reactor is over. The previously quoted price was £5,000 a ton, but this was related to an initial selling price of at least £17,500. It is likely that the "buy-back price" finally negotiated is not only a great deal lower than this, but shows a much bigger discount between first cost and buy-back. American companies have followed the negotiations with interest. The Authority's terms for supplying fuel will be a decisive factor in nuclear competition abroad; and seven companies are at present bidding for the next big foreign order, a nuclear power station for India.

WOOL TEXTILES

Threat from Japan?

WHEN Bradford heard that Japan might be allowed to sell as much wool cloth in Britain as the British industry exports to Japan, it is said that a deputation left on almost the next train to London. By now, the arguments of the leaders of the separate wool organisations should be as familiar to the President of the Board of Trade as their faces. All the same, a television audience was recently shown what purported to be a cotton mill in Bradford and many people who should know better still fail to distinguish the wool industry's problems from those of the cotton manufacturers. Last week's excursion was therefore reckoned worth while. Britain's current trade agreement with Japan expires at the end of this month and discussion of a renewal of this agreement and of a full Anglo-Japanese

PROBLEM NO. 4.



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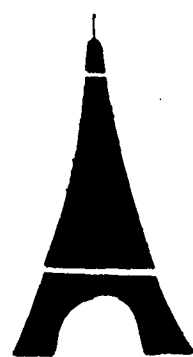
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PALAIS DE LA DEFENSE

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commercial treaty started in Tokyo on August 25th.

Japan has hinted that countries that continue to impose special restrictions on imports from Japan—the United States, United Kingdom, France and Italy have been singled out for special attack—will receive unfavourable treatment when Japan liberalises its trade. In the first eight months of this year, Britain's exports to Japan rose by £11 million to £29 million, outpacing the growth in imports from Japan which increased by only £2 million to £29 million. At present no Japanese cloth is allowed into this country, though Britain exports cloth worth about £3 million to Japan each year and also supplies a growing quantity of wool tops to Japanese cloth manufacturers. Japan therefore appears to have a strong case against Britain's embargo on its cloth.

But Bradford does not flatter itself on its apparent success in the Japanese market, despite steep import duties and the lower costs that recent investigations showed their Japanese competitors enjoy. In export markets where Bradford competes with Japanese manufacturers, its experience has been precisely the opposite, though Japanese exports of cloth fell by 28 per cent in the first half of this year—Japan's exports to the United States tumbled by 43 per cent following the imposition of crippling import duties—and Britain's exports of wool manufactures declined only from £58 million to £56 million in the eight months to the end of August.

The high price maintained for wool textiles in Japan enables the British industry to jump over Japan's high import hurdle, and this price structure is claimed to be the basis on which Japan's export trade is founded. About 85 per cent of the raw wool imported into Japan is consumed in that country and its relatively small exports of wool manufactures are alleged to be heavily subsidised from profits earned in the home market. Misleading labels which are designed to conceal the true identity of cheaper Japanese manufactures are still harming British exports, and the British wool industry hopes that as an exporter Japan will not be given most-favoured nation status unless these practices are stopped. The British industry still claims that, on equal terms, it can match Japanese competition.

SOUTH AFRICA

Brighter Prospects?

INVESTORS in South African securities, relieved by the recent strengthening of the country's reserves, have received further encouragement this week by the announcement of a \$30 million loan to Rand Selection Corporation by American institutions. The corporation was enlarged earlier this year to enable funds to be raised more easily and it has succeeded in raising

this money on notably satisfactory terms. It involves an issue of unsecured debentures, of which \$5 million will be repayable at the end of seven years and the remaining \$25 million after ten years. The cost of the loan is equivalent to an average interest rate of 7 per cent, no more than that for a first class industrial debenture in this country and well below the current redemption yield of just under 9 per cent offered by South Africa 3½ per cent stock 1965-67. Mr Harry Oppenheimer, the chairman of Rand Selection and also of Anglo American Corporation of South Africa and De Beers, which both have a large stake in the enlarged corporation, has said that the money has not been raised for any specific projects. But it will clearly provide useful resources for financing mining and other projects at a time when the prospects of raising money from foreign sources are not auspicious.

It is important to note in view of present exchange restrictions that the South African Reserve Bank has guaranteed the availability of funds for repaying the loan. The loan operation has further strengthened South Africa's gold and foreign exchange reserves; they now stand at £95 million compared with a low point of just over £70 million in mid-June when the restrictions on movements of capital were imposed. In London last week Dr Diederichs, the Minister of Economic Affairs, said that exports too were rising and that some easing of the exchange regulations would be possible "very soon." Clearly South Africa is standing up well to its siege economy, but so long as there is no change in the emphasis of the present government's policies the long term outlook for investment in South Africa remains uncertain, and leading Kaffir shares will continue to offer high but not necessarily attractive yields.

DRUG PRICES

Under the Microscope

THE drug industry has been forced by pressure from the Ministry of Health to give a great deal more information about its internal costs and profits than it has previously seemed prepared to do, and has thus managed to divert some of the wrath released on it periodically by the Committee of Public Accounts. The PAC has taken a jaundiced view in the past of the apparent profit levels earned on proprietary drugs sold to the National Health Service. The traditional argument that high profits were needed to finance research was hard to swallow when some companies were showing a nominal return on capital employed that was in some cases as high as 100 per cent. Most of these were American-owned companies whose US parents carried out all the research at home and expected profits from subsidiaries overseas to contribute their share to the upkeep of the laboratories. But many of these same companies have been under fire in the US too for their

profits; it was rumoured that the research costs quoted to justify their profits included items that had nothing to do with research and a good deal to do with straight sales promotion.

These companies have now broken down their British results for the Ministry of Health to show what is earned on drugs and what from the sale of non-pharmaceutical products. After allowing for research contributions, the adjusted profits on drugs came down from an average of 73 per cent on capital employed to an average of 34 per cent with individual results ranging from 18 to 45 per cent. These companies must now have an embarrassing time explaining their high profits to their non-pharmaceutical customers. Much of the data they gave the Ministry was, said the PAC suspiciously, "based on unverified information from the parent companies," but as the Ministry anyway regards a 34 per cent return as excessive compared with the 18 to 20 per cent recorded by British and Swiss companies, and since it was taking steps to negotiate lower prices, the committee did not worry over-much about the accuracy of the "unverified" data.

This has proved a specially hard nut to crack, and it is one that has attracted a good deal of odium to the pharmaceutical industry in general that it did not always deserve. It has even driven the Ministry of Health to the questionable decision to accept tenders for drugs—those developed mainly by the American-owned companies—from countries like Italy where the Americans had no patent protection. But it is by no means the Ministry's only victory on drug prices in the past year. The voluntary scheme for price control exercised by the industry with Ministry agreement has been tightened up and is already said to be showing savings. Side-by-side with this has gone an assault on the industry's much-criticised sales promotion to doctors. Mail advertising and free samples, the industry told the Ministry, accounted for £2 million out of annual net sales of £50 million, without allowing for the cost of commercial travellers. The industry has now "adopted a code of advertising *thought* [our italics] to have eliminated the worst abuses." While exhorting the Ministry to keep up its pressure for lower prices and more information about costs, the PAC appears to have felt that this time some headway had been made in plugging what at times appeared like an open drain in the National Health Service. The ghost of Aneurin Bevan must think that it has been a long, hard pull.

INSURANCE

Brandaris Moratorium

BRANDARIS INSURANCE, one of Holland's five largest insurance companies and underwriters of about 60,000 motor policies in Britain, has ceased to take new business and has been allowed by an Amsterdam

court to postpone all payment of debts. These moves follow "substantial" losses (unofficial reports speak of over £1 million) incurred during the last twenty-one months on the company's foreign business. It appears that the bulk of this loss is on motor insurance business introduced from London and Frankfurt. The company is represented in Britain by Overseas Motor Insurance (CI) and Overseas Motor Insurance Agencies and Finance, of which Mr Ronald Myhill (of Overseas Aviation) is a director, and in Germany by R.M. Overseas Motor Sales of Frankfurt. Brandaris has now withdrawn all authority for these companies to do business on its behalf.

Brandaris was founded in 1940 by the Nederland Shipping Line, the Nederlandsche Handel-Mij Bank, and the Nationale Handelsbank (now controlled by the Rotterdamsche Bank) to take up business lost by British and American insurers during the German occupation of Holland. The shareholders have now undertaken to make available to the company Fls. 7 million, and if a scheme that is being prepared for the satisfaction of creditors is approved by the Court, the shareholders will increase this figure to Fls. 10 million (£1 million). All Brandaris car policies become invalid on October 16th and policy-holders will have to reinsure by that date. In Holland in the past week brokers have carried their clients' policies with Brandaris over to other companies; in Britain motoring organisations are recommending reinsurance at least for third-party risks.

AIR ACCIDENTS

Limited Liability

THE ordinary fare-paying passenger might be forgiven for thinking that international air law lags some years behind international air travel. Because airlines automatically accept liability for whatever goes wrong on a flight, from lost luggage to fatal accidents, the fact that they limit their liability to comparatively trivial amounts

tends to get overlooked; so do a number of loose ends that leave the question of liability on certain types of flights hanging in mid-air. At present, the maximum compensation paid to the relatives of dead passengers is still, by international agreement, the ludicrously low sum of £3,000, which must bear very little relation to the potential earning capacity of many of those who fly regularly by air. Several years ago, a draft amendment was prepared that raised this sum to £6,000, but this amendment cannot take effect until 30 countries have ratified it and the total to date is only about 20. Nor can the UK Government be said to have set a particularly good example here: before this country could ratify the amendment, Parliament had to approve the change and a private member's bill to this effect was passed only last year. Since then, British airlines have been prepared to make *ex gratia* payments of £6,000 to families of passengers killed in accidents. But by the time the new arrangement has been ratified by enough countries to make it internationally binding, the sum will again probably need revision.

The International Civil Aviation Organisation seems to have taken this lesson to heart, and the draft prepared at a recent meeting in Mexico to tie together certain loose ends dealing with charter flights becomes effective as soon as it has been ratified by five countries. There was—and until the new amendment is ratified there still will be—doubt about who, on a charter flight, was liable in case of accidents. Some countries, including Britain, held that it was the airline that flew the aircraft; others argued it was whoever had sold the tickets, which might be another airline—or the vicar arranging a choirboys' outing. Tour organisers have in fact become adept at devising forms of words that would protect the vicar, but a dispute about liability between two airlines could leave the passengers and their dependants in an unhappy position.

Liability for lost baggage is fixed, internationally, at a maximum sliding scale per kilo, but the airlines in this case prefer to bargain direct with the passenger, and they do not usually bargain too hard. Goodwill might be better fostered if luggage designers took a look at the beating that their wares get in transit through an airport; by contrast the average railway porter is as gentle as a nursemaid.

DIRECTORS

Boardroom Bible

ABOUT 37,000 free copies of *Standard Boardroom Practice*, prepared for the Institute of Directors by nine distinguished directors under the guidance of that redoubtable director and committee chairman, Sir Edwin Herbert, will be in the hands of the Institute's members this week-end. This is therefore very much a directors' affair,

though an assiduous investor or alert trade unionist might for the payment of 12s. 6d. glean from its 71 pages a useful point for use against a neglectful board. But, despite its title and chapter headings, which include directors' pay, business expenses and donations for political purposes, they will certainly find no lurid facts about these interesting subjects. The book contains few facts and only a limited number of unqualified recommendations.

A point unintentionally emphasised by this book is that beyond directors' legal responsibilities and their easily recognised moral obligations, there is little that is standard in boardroom practice; it is slowly evolving to meet changing circumstances. The authors did not intend to produce a code of ethics; they claim that they merely wished to clarify professional standards for directors. It could be argued that a director can settle these problems, like many others, by an appeal to his own common sense and experience. But it can be said in this book's favour that in dealing with dividends, takeover bids, the release of information and alteration in the nature of a business some directors need to be reminded of their full responsibilities towards shareholders, and that is the main theme of the book.

ATOMIC ENERGY

The International Atom

THE European Nuclear Energy Agency of OEEC has published its third annual report at a time when many people are wondering what the future holds for this organisation. It is one of three international atomic energy agencies, all based in Europe. The smallest and most tightly knit is Euratom, the atomic agency of the six common market countries. It is generally assumed that membership of the common market pre-supposes membership of Euratom too, with its complex treaty, and its large headquarters. Euratom has been stymied through no fault of its own because the circumstances that brought it into being had melted away before the agency was formed and its purpose is now largely research. The fuel shortage it was designed to combat exists no longer, and the production of nuclear weapons that it was expressly designed to prevent now flourishes in at least one member country, France, and in Britain too, which may become a common market member.

Should this happen, and should Scandinavian and other countries follow Britain's lead, then the membership of Euratom will to a large extent duplicate that of the OEEC agency, which is a loose organisation of 17 member countries with a small and compact headquarters in Paris. Like Euratom, the ENEA exists to foster and organise co-operative nuclear projects but unlike Euratom, existence does not (or did not) depend on promoting projects but on taking a judicious and impersonal view about what

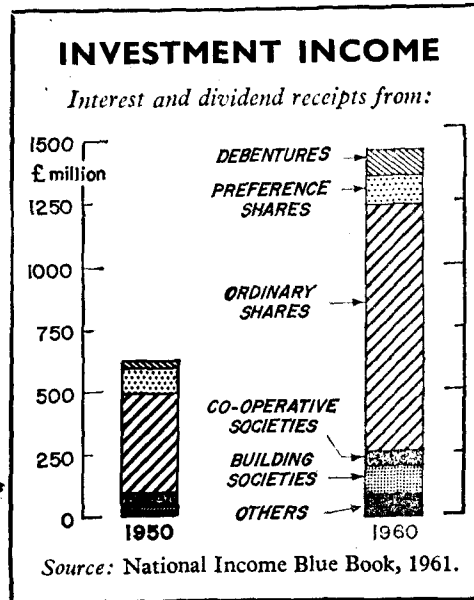
were and what were not worth pursuing. Thus the Agency's advice on atomic power has been consistently cool and sensible. But if all Europe's big nuclear powers with the exception of Sweden become members of Euratom, will they feel there is any purpose in continuing their subscriptions to the OEEC organisation, whose only independent members will then be Sweden and small, non-nuclear countries like Greece and Spain?

The liquidation of the European Nuclear Energy Agency would leave these countries then dependent on what nuclear advice they could get from the biggest organisation of all, the International Atomic Energy Agency in Vienna. Although this is not a United Nations body, its membership virtually duplicates that of the United Nations and its main trouble is getting member countries to pay up the aid that they so frequently and glibly promise it. With Euratom for practical purposes a closed shop, and the big Vienna agency continuously hampered by shortage of funds, the OEEC organisation is one of the few on which small and medium-sized countries can call for atomic advice, and it has made considerable steps in enlisting Canada and the United States as associate members. If it were to be disbanded, a gap would be created that would be hard to fill.

TANKERS

Russia's New Orders

ANOTHER illustration of the shortsightedness of most trade boycotts against Russia—which usually result in that country's setting out to meet its needs in some other way, usually to the West's long-term commercial disadvantage—can be seen in the heavy Soviet programme of tanker building now under way. Last year Standard Oil of New Jersey threatened not to use again any ships of tanker owners chartering their vessels to take Russian



crude oil to Cuba. The ban was largely ineffective at the time as there were a sufficient number of small tanker companies eager for work of any kind to whom the prospect of business from Esso had always been somewhat remote. It now seems to have had the secondary effect, also, of spurring Sojuzneftexport into building up an even larger sea-going tanker fleet of its own. This week's provisional contract with the Fincantieri Corporation of Italy for six tankers each of 48,000 tons deadweight follows other large construction orders already placed this year.

Traditionally, most of Russia's oil exports have been carried in oil tankers chartered from Scandinavian, British, Greek and other companies. Hopes of a substantial increase in this export trade stimulated a moderate programme of tanker building—in the last two years the Russian fleet has grown from just under 800,000 tons deadweight to 1½ million tons dwt, but the bulk of these are small tankers designed to serve Russia's own internal needs, with only a small proportion of sea-going vessels. But lately the emphasis seems to have been shifted. A number of largish tankers have been bought, second-hand or new, from shipyards whose customers have cancelled delivery, and orders have been placed with Finnish, Swedish, Japanese, and Yugoslav as well as Russian yards. Including this week's Italian order, known contracts outstanding from the Russians for tankers now total over 600,000 tons deadweight, almost half the size of the present oil tanker fleet. This is a rate of new building matched only by Japan.

HEATING

Anglo-Saxon Attitudes

THE British no longer feel that it is sinful to be warm; and this drastic change in their attitude to life has combined with the boom in office building to produce a new growth industry in heating. Sales of all forms of heating and air conditioning plant, the greater part of which is used in industrial or commercial buildings, were estimated at £50 million this year by Mr C. J. Atkins when he opened the first International Heating, Ventilating and Air Conditioning Exhibition at Olympia this week. That compares with £30 million in 1958. Much of this increase simply comes from heating and ventilation for new offices and factories, but the domestic market seems to be the section that is growing fastest. Statistics are unfortunately lacking; but reports from individual organisations suggest that there may be twice as many installations this year as in 1960. The Gas Council, for example, states that 13,000 gas central heating installations were made in 1959-60, and twice as many are going in this year. When only some two per cent of all houses in Britain, or 300,000, have full central heating, and only 750,000 anything more than fires, the scope for expansion is great.

Competition between the different fuels for this market is becoming increasingly bitter—"knocking copy" is becoming a rule rather than the exception. But where installations are most often the concern of small contractors, the effects of this competition on price seems less than buyers might wish; and the figures that are quoted in advertisements as the "typical" cost of an installation are all too likely to prove optimistic when the quotations arrive. The temptation to specify an unnecessarily large boiler and radiators, to leave a safe margin over the heat that will be needed under most conditions, is another practice that makes installations costly. The low initial outlay is certainly the reason why electric floor-warming has become so popular, despite higher running costs than solid fuel or oil, and usually than gas. For speculative builders it is ideal. At present demand is growing fast enough for all sections of this industry to be busy, it is only later that competition may begin to hurt.

LAND-ROVER

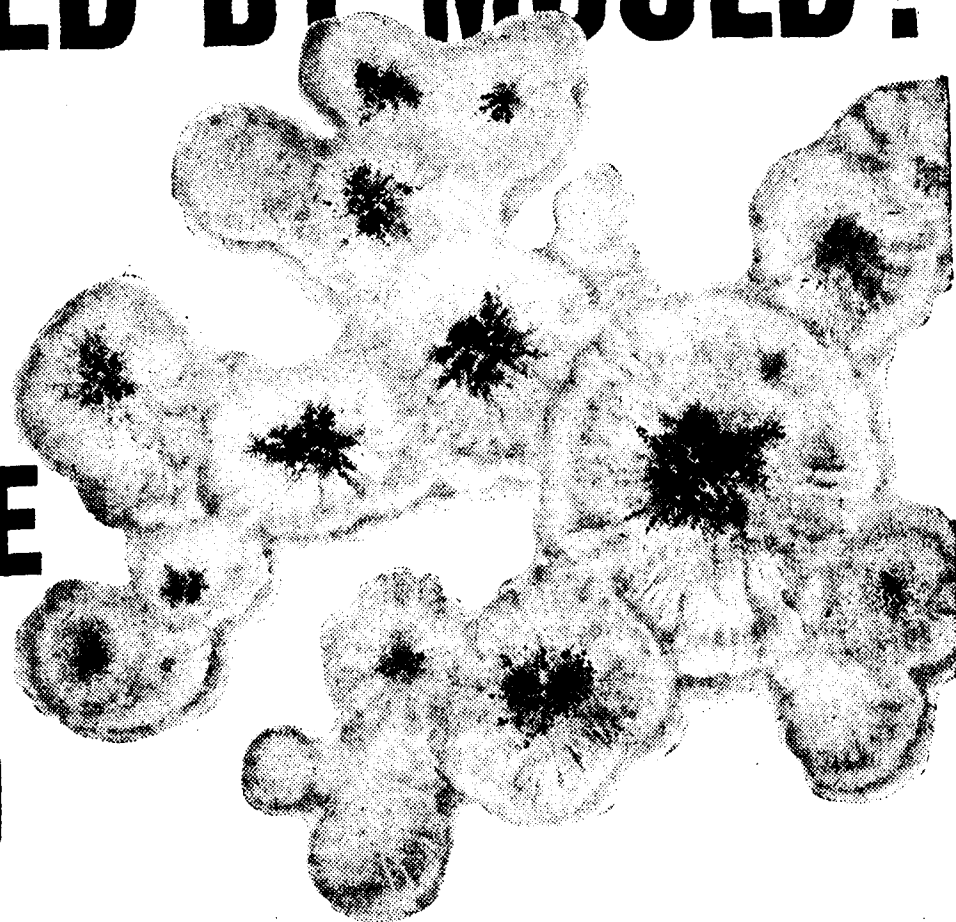
No Wings?

DURING the 13 years that it has been in production, the Land-Rover must have been decisive in enabling the Rover Motor Company to survive as an independent producer when the gap between the performance of mass-produced and so-called "quality" cars narrows each year but their price differential remains as wide as ever. This week, Rover increased the potential power of the Land-Rover by a fifth by offering, at an unchanged price, a new 2½ litre diesel engine. This is designed partly to meet criticism of the older 2 litre diesel that it replaces and partly to warn off competitors who might be casting covetous eyes on the small (200,000 to 250,000 a year) but steady and profitable world market for the kind of vehicle that compromises between the speed of a car and the stamina of a tractor. This market counts only two producers of substance, Willys in North America and Rover, now producing 850 Land-Rovers a week, three-quarters for export, against a falling car output said to be in the region of 300 weekly. The company plans to increase Land-Rover production to 1,000 a week.

Threats of competition recur periodically, mainly from France and Germany, but the only competitor to materialise on four wheels since the Land-Rover's inception is the British Motor Corporation's Gipsy. Launched inauspiciously four years ago, the Gipsy is said to have been re-engineered and greatly improved; but it is still being produced on a purely token scale (guessed by Rover not to exceed 50 a week). However, it is always possible that BMC might have plans for bigger Gipsy production and an all-out attack on the market when its Scottish commercial vehicle factories get going. Just conceivably BMC might be

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Mr. P. sells soap. And very fine soap it is too. The only trouble was that, by the time it reached his customers in West Africa, many packets were covered with black mould. Very sensibly, Mr. P. took his problem to Thames Board. Their experts examined specimens of his packaging materials and found the answer. Airborne spores of a mould called *Aspergillus Niger*, settling on the boxes, flourishing there, and then moving on to the individual packets of soap.

After a series of tests, the Thames Board experts produced the solution to Mr. P's problem. Ordinary "Fiberite" cases, thinly coated with a non-toxic fungus-repellant. And so everyone lived happily ever after. Except, of course, for *Aspergillus Niger*.

FIBERITE PACKING CASES

ARE MADE ONLY BY
**THAMES BOARD
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PURFLEET, ESSEX, AND
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The word 'Fiberite' is a Registered Trademark

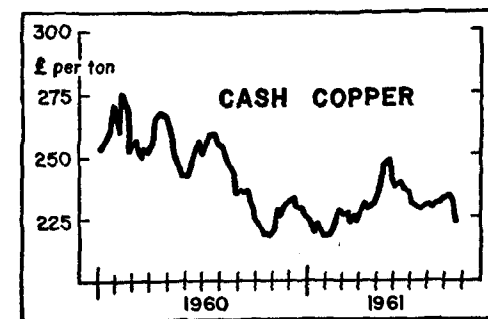
put off by the fact that although the basic design of such vehicles changes hardly at all over the years, each is assembled in a slightly different way for each customer; there are 930 different permutations worked on the standard Land-Rover apart from those built to customers' own special specifications. By now Rover has done almost everything to the basic vehicle but make it fly; with the additional power of the new engine, it can be converted to run on (and off) railway lines hauling 50 times its own weight, to sleep four people and a cooker in something approaching comfort, and to amble through swamps on tracks that give it the appearance of a brontosaurus. These "optional extras" range in price from shillings to as much as the cost of the basic vehicle itself (which ranges from £660 upwards depending on engine, while the Gipsy is £10 cheaper).

COPPER

Crumbling Prices

AFTER three months of relative stability, cash copper fell about £12 to £221 a ton in London in three weeks. During this period, demand from British and continental consumers in the free market was negligible, despite an almost constant threat to future supplies. West European manufacturers appear to think that they are already riding the crest of their boom; some had bought more copper than they thought they would require in the next few months and were probably taking advantage of the relatively high level of output to reduce their stocks. Japan is also unlikely to sustain the phenomenal growth in its copper imports and known deliveries to fabricators outside the United States have fallen heavily since June. But demand improved this week; the copper lost in the recent strike at mines in Chile has begun to affect the market and spot copper recovered to £225½ a ton.

Without the further improvement in consumption looked for outside the United States this year, there is little prospect of consumption matching production despite the output curbs that have been in force for a year in some cases. However, copper usage in America has been expanding at a rate which, but for the slackening in demand elsewhere, might have eliminated the potential surplus of copper this year. It is thought



that the American producers' price for copper will be maintained at 31 cents a lb for the remainder of the year; the import duty of 2 cents a lb will help to insulate it from the effect of stocks which might begin to accumulate again outside the United States. Two American producers have already resumed maximum production.

The majority of producers have been proved right in resisting the temptation to drop restrictions when copper prices advanced recently. The timing of strikes is seldom convenient, and so far this year, production lost through strikes is comparatively low. Stocks at the start of the year were abnormally large and it would have required twice the average rate of growth in consumption to have matched even this year's restricted output.

The recent discovery of what might prove an extensive new copper field in Canada, where some smelters are said to be concerned at the diminution of the older ore-bodies from which they currently draw their supplies, strengthens the belief that world capacity will keep a step ahead of copper consumption for quite some time. But though the new discoveries were made about three months ago, it will take another year before the companies involved can assess the value of their find.

UNIT TRUST

Investment for Trustees

IMPROVED sales of units by unit trust managers in recent months suggest that already trustees anxious to go into equities but not wanting the headaches of portfolio management have turned to this form of equity investment. Now the Municipal & General Group of unit trusts has given further details of its new trust specifically designed for trustees. The M & G Trustee Fund is aimed at the large investor; its initial charge will be on a sliding scale from 2 per cent on sums below £25,000 down to ½ per cent on sums of over £100,000, while the half-yearly charge will be reduced as the fund grows from ¼ per cent per annum up to £2 million and ¼ per cent per annum when it exceeds that figure. The minimum holding will be 500 units and the opening price 10s. a unit.

One of the attractions of a unit trust for trustees is that it affords an indirect stake in equities not eligible for direct investment under the Trustee Investments Act—such as overseas companies, small companies and new issues. As the M & G managers point out, such investments often provide yields more in line with those on fixed interest securities; the initial yield for the fund is expected to be around 5 per cent.

The more specific advantage of the new trust is that its income will be distributed in accordance with the principles of trust law; all income to which the life tenant is normally entitled will be distributed but capital distributions will be retained in the

fund. For those trusts whose income has to be reinvested (generally for a minor) there will be special "accumulation units" in which all the income will be ploughed back; these may be converted at any time into the ordinary "income units." As with the recently formed Trades Union Unit Trust, the managers of the new fund will accept any shares which they consider suitable for the fund in exchange for units, and the Trust deed also enables holders of units worth over £10,000 to receive specie. So far, trustee buying of equities has been small and the initial appeal of this new trust in uncertain markets must remain in doubt; but the managers will clearly be disappointed if they have to calculate for long the half yearly charge on the higher rate.

CONSUMER PROTECTION

Well Meaning but Woolly

PUBLIC opinion knows a great deal about consumer protection these days, and it is perhaps unkind to complain that the authors of the Labour Party's "Fair Deal" pamphlet that was published on Thursday churn up the familiar well-ploughed furrows. But the truth is that the clothes of the party that nailed the Utility flag to its masthead in the post-war years have been filched from it garment by garment during successive Conservative administrations that have actually set up a Royal Commission on consumers' problems and have put through, or are putting through, an appreciable amount of minor legislation dealing with various ploys of which shoppers are victims. These range from wholesale revisions of the Merchandise Marks Acts and the Weights and Measures Bill (although the Government's record on the latter gives no cause for pride) to the banning of mock auctions. These bills are sometimes far from perfect; but whose fault was that? How hard did the Opposition work to get them improved?

The past few years have shown that there is sufficient interest in this country to support an independent testing organisation on voluntary subscription alone: the Consumers' Association and its publication "Which" have achieved a success that only the most optimistic would have forecast at its inception six years ago. For a variety of reasons, it is better to leave this work to voluntary organisations—provided they can get enough support—than to have such comparative testing, with its frequently destructive criticism, carried out through the Government-sponsored Consumer Council that is the nub of Labour policy. The function of the Government, many might argue, should be reserved for those aspects of consumer protection that can be enforced by, and only by, legislation. But there remains the troublesome field of services, not touched on in "Fair Deal"; how should shoppers be protected from bad laundries, inefficient dry-cleaners, impossible hotels and unappetising restaurants? Is there a

case for arbitration machinery to which shoppers can take their—occasionally unreasonable—complaints about services of this kind and get compensation? These are the fields where new thinking is needed, and an audience conditioned to the plain speaking of "Which" and the increasing acidity of the British Standards Institution's "Shopper's Guide" is going to find "Fair Deal's" well-meaning but woolly sentiments dull fare indeed.

COMMERCIAL TELEVISION

Spreading in Europe

BRITAIN'S entry into the common market might make its biggest immediate impact on the television screens of the Continent. Including this country and Eire, where transmissions are starting soon, ten countries in western Europe have some form of commercial television and five others can receive transmissions from neighbouring countries. With a network covering almost all Britain and stretching across Germany, Austria, Italy, Luxembourg, Finland, Spain and Portugal, with an enclave in Monte Carlo and an imminent Irish service, the potential commercial audience by the end of last year must have been about 18 million, having trebled in three years and no doubt expanded considerably since then. Yet the general conclusion of a speech made last week in Madrid by Mr G. P. Wethered, director of London

Press Exchange's Intam, was that only in Britain had the use of television advertising developed into anything resembling an art. He attributed this partly to local circumstances. Broadcasting authorities on the Continent with the frankly commercial outlook of the ITA contractors in Britain were mainly in countries with audiences too small to attract heavy advertising (this may change if Holland starts commercial television). In countries with potentially big audiences, like Germany and Italy, broadcasting was in the hands of public corporations that tend to take a stuffy view of TV commercials and to give them only a meagre ration of time. But some of the blame he reserved for the TV salesmen, who do not do as much research into their television audience as the commercial contractors do in Britain. And they are lackadaisical, according to Mr Wethered, because they do not have to compete for audiences as the ITA contractors have to compete with the BBC and are therefore not particularly concerned to find who watches what and when they do it. Yet, continued Mr Wethered, warming to his subject, this kind of analysis can prove that television advertising is cheaper in terms of the people it reaches than competing forms of advertising and he proceeded to prove it with examples from Italy, where there is a mass television audience, and Spain, where there is a predominantly middle-class one. An invasion of the Continent by the advertising managers of British companies, primed to the teeth with audience ratings and cost comparisons and media analyses is likely to have interesting results.

SHORTER NOTES

Holdings of about 40 per cent of the capital of Doom Dooma have accepted the offer of 55s. per £1 unit made by Brooke Bond which has declared its offer unconditional, and extended the period of acceptance until October 3rd. The Doom Dooma directors have invited a director of Brooke Bond to attend a meeting with their advisers and in the meantime advise shareholders who have not accepted the Brooke Bond offer to await a further communication.

While maintaining the interim dividend at 3 per cent the directors of Cammell Laird anticipate that profits in 1961 will be appreciably lower than those for 1960. They warn shareholders that it is unlikely that the last year's total dividend rate of 12 per cent can be maintained.

The boards of Metropolitan Estates and Property Corporation and Town Investments have started discussions which may result in an amalgamation. This would create one of Britain's biggest property groups with assets of over £41 million and extensive interests in London, the Provinces and in Canada.

Threlfall's Brewery and Chesters Brewery, which both operate in Lancashire and Cheshire, have announced merger proposals. One £1 Threlfall's ordinary share is offered for every two 5s. shares in Chesters, which values each share at about 43s. 6d. and the total Chesters' equity at over £64 million. It is proposed that the name of the new company should be Threlfalls Chesters.

Three Australian mining companies, Western Mining, Broken Hill South and North Broken Hill, are to make rights issues raising a total of £A6.6 million in order to finance their participation in the £A44 million Western Australian aluminium venture. The balance of the capital will be provided by Aluminium Company of America, which will hold 51 per cent. of the equity in the project.

Schweppes and J. Lyons have announced a marketing agreement by which Schweppes' Suncrush and Kia-Ora fruit drinks and Lyons' Sunfresh will share a common sales organisation. From January 1, 1962, the three drinks will be marketed in England and Wales by the Rose Kia-Ora Sales Company.

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COMPANY AFFAIRS

Comments on pages 1302 and 1303 on:
Associated Electrical Inds. Vickers
Associated British Foods Qualcast
National Canning Henry Wigfall
Buxted Chicken Dimplex
Doxford and Sunderland Shipbuilding

LONDON AND NEW YORK

Stock prices, yields and security indices on
pages 1304 and 1305

LONDON STOCK EXCHANGE

The week's movements reported on page 1303

MONEY AND EXCHANGES

Money market report, exchange rates and
public finance on page 1306

COMPANY MEETINGS

UNIGATE LIMITED

UNITED DAIRIES — COW & GATE

SOLID AND STEADY PROGRESS

EXPANSION OF RETAIL OUTLETS CONTINUES

MR G. IVOR PRICE ON INCREASING POPULARITY OF GROUP'S PRODUCTS

FINANCE

In view of the various re-arrangements and concentrations rendered necessary by the merger, our cash flow, i.e. depreciation and retained profits at £4,438,788, has not equalled the demands on our cash resources, and we must expect this tendency to continue for two or three years.

Subject to many reservations, we do not expect to seek additional capital for the present.

GENERAL OBSERVATIONS

The progress of the merger is continuing and the main operating divisions are maintaining their individuality, but exchanges are made between the divisions when it appears that efficiency can be increased and economies effected.

Milk production in the United Kingdom has reached record levels, 2,302,000,000 gallons (2,128,000,000 gallons in 1960), and it will be agreed generally that we have played our full part in the making and disposal of products.

During the year under review the price of butter continued to fall from the very high level reached at the end of 1959, but the price of cheese, after a sharp fall at that time, was maintained on a steady course.

It appeared at one time that the upward valuation of the guilder and mark would help the price of milk products, but a large increase in the production of milk powder in France, and its subsequent sale here at subsidised prices, has led to an application to the Board of Trade for relief.

The Government, in course of the annual price review, secured a promise from the National Farmers' Union that schemes for altering the method of payment to farmers for milk should be examined. At present the returns from the sale of milk for liquid consumption and the conversion of milk in excess of the liquid market's requirements into various products are pooled and the farmers paid accordingly. As disposals through lower-priced products increase so is the pool price depressed.

The apparent remedy suggested by the Government for examination was a two-tier price, that is a lower price for milk in excess of a stipulated quantity, presumably based on past production. We would be sorry to see some such manoeuvre result in a disturbance of the balance of supplies and in a reduction of the quantity of milk produced, particularly in view of the efforts and expenditure made by the industry to cater for an increasing supply.

We have supported at considerable expense the programme of the National Milk Publicity Council and are glad to see an increase in the national consumption of milk. Every effort is

made to stimulate our salesmen's interest in selling milk, cream and other dairy products.

Rationalisation between the divisions of the group has enabled us to close several depots in the London area. Our policy of adding to our existing businesses both in London and the provinces as opportunities occur continues.

The selling prices of milk are prescribed by the Government and it will be interesting to you to know that the margin allowed for the processing and retail distribution is approximately 50 per cent. above that ruling before the war. I do not think there is any other trade, or industry, which can claim to operate on so modest an increase in remuneration. I feel that the net margins are totally inadequate, particularly having regard to the greatly inflated costs of capital equipment—the so-called permitted target of net profit is one farthing per pint. In London, where costs are greater than the average, this figure is not attainable.

It is our policy to modernise retail shops with self-service facilities in suitable districts and those already completed have achieved increased sales. At the same time we are closing those shops which cannot compete with the increased costs continually pressing on the tradesman.

I should like to make it clear that our retail businesses are concerned mainly with the delivery of milk and milk products.

NEW ACQUISITIONS AND SALES

We have acquired the wholesale and retail dairy businesses of Bishop's Stortford Dairy Farmers Limited which adjoin the Lea Valley Dairies Limited area, and this has enabled us to complete our main arrangements in Hertfordshire and North Essex.

The retail business of Devonshire Dairies (Swindon) Limited, and other businesses in Swindon, have been acquired with the object of assisting our depot at Wootton Bassett, which is within easy reach.

We have re-organised the grocery businesses of Aplin & Barrett Limited and have disposed of the meat product and bacon factories of Brown, Wills & Nicholson Limited (one of the subsidiaries of Aplin & Barrett Limited). This company continues, however, as a wholesale grocer. A new warehouse building at Yate (Gloucestershire) has been adapted to replace the out-of-date premises in Bristol used by Gardners (Bristol) Limited (another subsidiary of Aplin & Barrett Limited).

In South Wales and Monmouthshire we have bought H. Kibby & Sons Limited, a retail grocery business, which will work in with Jones & Porter Limited, a subsidiary of Aplin & Barrett Limited.

Exchanges within and outside the group have

enabled us to close the country creameries at Corfe Castle, Yetminster, Tiverton and Frome, and we have acquired a creamery at Dorrington in Shropshire.

Alterations and extensions to our creameries are in progress at Wellington, Somerset; Davidstow, Cornwall, and St. Erth, Cornwall; in the latter case to handle the group's intake in West Cornwall.

BRANDED GOODS SALES

As explained last year, the wholesale selling of dairy produce has been integrated into the companies Unigate (Dairy Sales) Limited and Unigate (Milk Products) Limited.

We are constantly improving our service and sales of most lines are increasing satisfactorily—I refer in particular to Farmers' Wife Double Devon Cream; St Ivel pastes and Wilts "Golden Regal" evaporated milk.

There is considerable interest in our ice-cream powder, sales of which continue to expand. Bulk supplies for ice-cream manufacturers are sold under the brand name "KREEMIX", and for the production of ice-cream in the home we are marketing "READYMIX," which is becoming increasingly popular.

COW & GATE MILK FOOD

Home Sales: Sales of Cow & Gate infant milk foods and cereals continue to show a steady increase.

The Cole quadruplets of Glasgow, who were the ninth set of quadruplets to thrive on Cow & Gate, have now passed their second birthday and are healthy and delightful children.

During the year no fewer than 54 sets of triplets were known to have been brought up successfully on Cow & Gate.

Exports: Exports of milk foods and dairy products have increased by approximately 10 per cent. and concerted efforts are being made to expand this business.

Trufood Limited: This Company, which markets popular milk and vegetable foods for babies, has now made a success in its campaign with foods for juniors, that is those who have just emerged from babyhood.

OVERSEAS INTERESTS

Our businesses in Australia, Canada and New Zealand continue to play their part in our organisation under very able directorates in those countries.

On the manufacturing side our Commonwealth interests have been extended by taking shares in creamery businesses in Kenya and Nigeria.

Mr Ernest Taylor undertook an arduous journey at the beginning of the year to the East and to the Antipodes. Mr Pocock, Mr Raymond and I have been to the United States and Canada, while Colonel Gates and Sir Charles Taylor have been to Nigeria to complete arrangements with the Northern Region Development Corporation jointly to form a new Company to be called Nigerian Creameries Limited, to take over the existing dairy and dried milk scheme at Vom, Northern Nigeria.

EUROPEAN COMMON MARKET

The possibility of this country entering the Common Market and its effect on the various interests of the Company is being considered. If the traditional supplies of butter and cheese from the Commonwealth were to lose their preferential position, obvious difficulties lie ahead. On the other hand, we are well equipped

COMPANY MEETING REPORTS

to take advantage of any opportunities that may present themselves of entry into the Market with both consumable products and machinery.

ENGINEERING AND TRANSPORT COMPANIES

The Dairy Supply Company, makers of milk churns and a variety of galvanised wire crates for a number of trades, as well as fabricators in stainless steel, had a good year with record turnover.

The UD Engineering Company, makers of industrial refrigeration plant, also bottling plant for dairies and breweries, had a record turnover but additional costs reduced margins.

About half of this Company's production in terms of value is for export. There is a substantial trade with the USSR and the Company had a successful exhibit at the British Trade Fair in Moscow. One of our Managing Directors of the parent company attended.

The Mickelover Transport Company has a full order book for bodies for motor and electric vehicles for associated companies and outside firms. The factory which deals with glassfibre vehicle bodies and insulated containers is extremely busy.

Wincanton Transport & Engineering Company has rendered invaluable service both to the members of the group and to outside customers, and is expanding its haulage business.

Other Transport and Engineering Businesses.—The above four companies are mentioned by name because they are the largest, but other companies in the group are also engaged in engineering and transport and their experiences have been similar.

LABORATORIES AND RESEARCH

The Control Laboratories, to be found wherever milk is received, continued their vital work of checking the incoming supplies and outgoing products.

The Group's Research Laboratories have again carried through a heavy programme of fundamental research and pilot investigations. As these activities are growing in volume it appears necessary to add to our resources. This matter is receiving urgent consideration.

PENSIONS

The Operatives' Pension Scheme, to which reference was made last year, is now in operation and we have made arrangements to secure uniformity throughout the group in recognition of long service.

STAFF

I wish to record the gratitude of the Directors to the staff in all grades for loyal service throughout the year. It is difficult to recruit suitable or sufficient entrants to this trade because our labours are spread over the whole 365 days of the year without respite. During an epidemic, such as occurred at the beginning of this year, only the willingness of many to sacrifice their leisure enabled us to maintain our daily service.

PROSPECTS

When questioned at the beginning of the year about the Company's prospects I replied, on behalf of the Board, that we do not expect spectacular results, but hope to achieve solid and steady progress. There seems no reason, other things being equal, to change that view.

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

THE ECONOMIST SEPTEMBER 30, 1961

BRAITHWAITE & CO. ENGINEERS LIMITED

ANNUAL GENERAL MEETING

The Fortieth Annual General Meeting of Shareholders of Braithwaite & Co. Engineers Limited was held on September 21st at Dorland House, 14-16 Regent Street, London, S.W.1. Mr J. Harvey Humphries, AssocICE, MIStructE, the Chairman, presided.

In his Statement, copies of which had been circulated to the Shareholders, the Chairman said that the year's accounts were seriously affected by the results of contracts which had to be taken at extremely thin prices or not at all during the recession in the structural steel industry. The Company's structural order book is now in a much healthier condition.

After charging taxation for the year the resulting nett loss of the Group was £37,710 compared with a profit of £45,706 for the previous year.

Resolutions were unanimously passed for the adoption of the Report and Accounts, the confirmation of preference dividend already paid in respect of the year ended March 31, 1961, the payment of a final dividend of 5½ per cent, less tax, making a total of 8 per cent, less tax, for the year on the Ordinary Shares and a capital distribution of 2 per cent on the Ordinary Shares.

Mr J. Bickley, Mr H. W. T. Hain, CBE, and Mr P. Goffey were re-elected Directors.

The proceedings terminated with votes of thanks to the Chairman, staff and workpeople.

BRITISH HOMOPHONE

The annual general meeting of The British Homophone Company Limited was held on September 22nd in London.

Mr J. Lesser, chairman and managing director, in the course of his speech, said:

The profit of the Group after taxation amounts to £30,009 against £27,728. The profit of the parent company, The British Homophone Company, Limited, after taxation, etc., is £6,119 as compared with £8,715. The net profit of the Company, including the Ebonestos Industries Limited dividend of £10,365 net, is £16,484 against £15,625. The subsidiary companies show an increase in profits. The consolidated balance sheet of the Group shows a sound financial position, the net liquid assets being £179,080 against £158,891.

Ebonestos Industries Limited: The internal figures available to the Board concerning Ebonestos Industries Limited indicate that this Company's figures are being maintained for the current year, and in fact the orders in hand position is even somewhat stronger than at the same time last year.

The British Homophone Company Limited: In 1959 a nationally known public company entered the gramophone record industry and substantial pressing work was then placed by them with your Company. In 1960, the Company in question decided to withdraw from the market and subsequent to this, and in consequence thereof, in the year under review your Company suffered a fall in turnover and trading profit.

The directors are always investigating avenues that could lead to increases in trade for this Company.

The report and accounts were adopted.

THE ECONOMIST SEPTEMBER 30, 1961

NIGERIAN ELECTRICITY SUPPLY CORPORATION

A VERY SATISFACTORY RESULT

The thirty-second annual general meeting of Nigerian Electricity Supply Corporation, Limited, was held on September 26th in London, Sir Miles Clifford, KBE, CMG (the chairman), presiding.

The following is an extract from the Chairman's circulated review:

The past year has been in many respects a very satisfactory one. We sold some 83,431,474 units as against 51,572,369 in 1959-60—an increase of 61.7 per cent—while revenue, for the same period, stood at £424,710 compared with £289,465. Your Board has, in consequence, recommended a final dividend of 8½ per cent and a bonus of 1½ per cent, making a total distribution for the year of 14 per cent.

This agreeable result was due, of course, to two factors—the lifting of the Tin Export Control measures on October 1st and to the increase in the price of tin which spurred mining companies to even greater efforts; and but for the fact that we are short of water and have no reserve of power, there is no doubt that we could have looked for even better results. There is no present indication that the demand for tin is likely to fall off—all the evidence points to the contrary, indeed—so that we may look for a continued high level of production and also for a steady increase in non-mining demand. We are advised that the requirements of the Government-owned Electricity Corporation of Nigeria, to whom we supply in bulk, will increase over the next ten years by approximately 15 per cent per annum, and that industrial development on the Bauchi Plateau is going ahead. If, therefore, we can keep pace with these trends the outlook is promising.

So far as shortage of water is concerned, you will be glad to know that the immediate difficulty has been overcome as work on the new dam at Ankwill is now complete; but the problem of adequate generating resources remains as serious as ever. Your Board has long recognised the need to make an additional 6,000 kW available at Jekko 1 and had laid its plans to this end, but they could not be carried out during the tin recession and will now take approximately 32 months to complete.

In these circumstances we have sought permission to establish a thermal plant at Bukuru which will tide us over until the extension to Jekko 1 is completed and will, thereafter, provide us with the necessary "stand-by." This thermal station will have an initial capacity of 4,220 kW at an estimated cost of £250,000, which will be paid for out of reserves.

I have referred before to the obsolescence of some of our existing plant which provides another and compelling argument for the proposed extension at Jekko 1, as this will lead to an improvement both in efficiency and economy. As to the financing of this project, I am happy to say that our Bankers have made facilities available to us which, with our own resources, will enable us to handle it without resort to the market.

You will see in this, as your Directors would wish you to see, an expression of confidence in the future of Nigeria; we have been intimately associated with what is officially known as the Northern Region since 1929 and we are proud to have this opportunity of assisting its development now that Nigeria has become independent.

The report was adopted.

COMPANY MEETING REPORTS

W. E. SYKES LIMITED

(Machine Tool Makers)

LARGER TRADING PROFIT

The Annual General Meeting of W. E. Sykes Limited was held on September 22nd at Staines. Mr Robin Brook, CMG, OBE, the chairman, presided and, in the course of his remarks, said:

During the year the company suffered a grievous loss in the sudden and tragic death of its chairman, The Rt Hon Lord Trefgarne, who had been associated with the company since 1945, and his leadership in the guidance of the company's affairs will be very much missed. Lady Trefgarne and myself have been appointed to the board and I have been elected chairman. Mr E. J. Stanton, who has been associated with the company since 1938, is retiring from the board; fortunately his knowledge and acumen will still be available to us on a consultative basis.

Group Accounts

The board has made a fresh valuation of the buildings and plant at Kendall & Gent and its subsidiary resulting in a surplus over the purchase price of £276,981. It is intended to revalue the remaining fixed assets of the group in the current year.

The trading profit for the year amounted to £321,583, against £241,740 for 1959/60, from which depreciation of £70,517 (1959/60, £65,897) and bank interest of £40,952 (1959/60, £21,360) have to be deducted. Investment income totalled £10,174 against £137,147 in 1959/60, the latter figure including a non-recurring special receipt of £135,535.

The increase in bank borrowing is a corollary of the increased turnover. Although this is normal and temporary, we have still to deal with the funding of the special loan to finance the cash element of the purchase of Kendall & Gent.

W. E. Sykes Limited

In common with the rest of the machine tool industry, we have found that there is a growing demand for machine tools with special features which have hitherto proved to be less remunerative than standard machines. New designs have been well received and orders taken absorb our ability to produce them for some time ahead. There has been an active demand for small tools also. We have continued to make our full contribution in the world-wide export markets, which account for over one-third of our total turnover.

Kendall & Gent Limited

The profit of £17,364 is still far from commensurate with the assets at their enhanced valuation. While orders booked have substantially increased and many measures taken to strengthen both plant and management, it will be some time before these improvements are translated into profit. We expect however that the current year will more than cover the prospective depreciation charge, which will increase by some £32,000.

We are concentrating on improvements in design and the application of modern techniques to economise in production costs; indeed we are confident that the re-organisation of our planning and production methods already well under way will in the long term more than justify our investment.

Other Subsidiaries

Sykes Machine Tool Company Limited, which specialises in the sale of machine tools of great accuracy and high productivity, has made a useful contribution (£25,856) to the group profit, while the order book has lengthened.

Business in Australia may be more difficult to obtain during the current year but our branch results are expected to be satisfactory.

In North America concentration of a reduced staff in Detroit and Windsor has enabled us to economise while maintaining coverage for our products in both USA and Canada.

Future Prospects

The outlook is still hopeful for continued improvement, especially in the prospects for Kendall & Gent where the present return on the capital employed is so low. Our main difficulty is the familiar one of shortage of skilled labour.

In the perennial battle with increasing costs we have held our own this year. We have to expect still further pressure on margins since applications for higher wages and shorter working hours have been submitted at national level. Entering the Common Market will produce new hazards but also enlarge opportunities.

Orders are not deliveries and budgets are not results; but at present our order book is high and still rising and we are budgeting for a higher group profit in the current year. It should be borne in mind that a by-product of any revaluation must be an enhanced charge for depreciation, for which we shall have to provide approximately double the present amount next year. This rate will however be more realistic, not only in terms of the underlying assets, but also of the prospective requirements for normal replacement and for development to meet competitive conditions, on which we expect to spend some half-million pounds over the next three years.

Conclusion

I would like to express my personal appreciation of the assistance which the directors have given to me as a newcomer to the board and of the indispensable help given by Mr L. T. Harris pending my appointment. I should also like to express the directors' appreciation of the loyal co-operation and support which they receive from employees of the parent and associated companies at all levels.

The report and accounts were adopted.

ELECTRICITY

Another successful year and a tremendous growth in demand

Sales of Electricity and the Financial Surplus

The actual figure of surplus was £16.3 million, some £10 million less than the year before, due mainly to higher costs. Another reason was a fall of about 2 per cent in the average price per unit; this was because, through the operation of two-part or block tariffs, the average price to most consumers falls as their consumption rises.

Sales of electricity were more than 12 per cent up on the previous year—greater than had been foreseen—but all demands had been met in full. However, this unexpectedly large growth in demand needed to be given special consideration when the industry was making its annual review of new construction programmes.

The Chairman went on to say that the trend in sales promised well for the nation. The use of more electricity meant greater productivity in industry, agriculture and commerce, and a higher standard of living generally. But the country should understand that a very heavy programme of capital expansion would be needed to keep up with the demand. This called for investment on an increasing scale.

How Much Capital?

Sir Robertson referred to the long-term capital development plans drawn up by the industry

each year and kept under constant review. In 1958 it had become necessary to obtain increased borrowing powers. The plans at that time showed that £2,130 million of capital expenditure would be needed (at 1958 price levels) over the seven years to March, 1965. With regard to borrowings up to the end of that period, Parliament raised the ceiling of the industry's borrowing powers from £1,400 million to £1,800 million or whatever higher figure, up to a limit of £2,300 million, might be allowed by the Minister of Power with the approval of the House of Commons. At the end of March, 1961 the total borrowed stood at £1,624 million. The Electricity Council would soon be seeking permission therefore to proceed to the next stage of borrowing.

Self-Financing

So much for borrowing. The next question was: how much should the consumer contribute? When the seven-year programme was prepared in 1958 it was envisaged that depreciation provisions, surpluses and other internal resources would provide about 48 per cent of the total capital required. This proportion seemed to strike a reasonable balance between the consumers' interests and the need to limit borrowing.

Sir Robertson drew attention to the following table showing how closely actual results had compared with estimates over the first three years of the seven-year programme.

Capital Requirements	1958-59 to 1960-61	
	Estimated in 1958	Actual
Generating Board	584	594
Twelve Area Boards	263	279
Working capital variation	3	(-29)
	850	844
Financed from Depreciation provisions, surpluses and other internal resources	380 (44.8%)	385 (45.6%)
Net borrowing	£470 m.	£459 m.

More Power—More Plant

However, it was now very clear that the rise in electricity consumption could not be satisfied without acceleration of plant construction programmes. It was expected that the industry would have to face a maximum demand of over 33,000 MW in the winter of 1964-65—more than 12 per cent above the forecast made in 1958—and the most recent estimates suggested that subsequently, in the two years to 1966-67, it would rise by a further 5,000 MW.

The Annual Report of the Electricity Council was presented in London on Sept 26th by the Chairman, Sir Robertson King, K.B.E.

Sir Robertson said that the financial year ended 31st March, 1961, had at least two features of some significance. The electricity supply industry had as usual shown a surplus after payment of all interest charges; and the increase in sales of electricity was the highest for ten years.



SIR ROBERTSON KING, K.B.E.

In order to meet the necessary programme of power stations (conventional and nuclear), transmission lines and distribution systems, the estimates made in 1958 would have to be increased by some £200 million to cover the period to the end of 1964-65, and the continued rise in maximum demand would call for an outlay in excess of £400 million a year on fixed assets in the succeeding two years.

Sir Robertson pointed out that to reach the degree of self-financing involved, increasing surpluses were needed year by year, these surpluses, together with provisions for depreciation, being the main source of finance from internal resources. For this reason, and to cover increased costs of over £20 million per annum from wage and salary increases and a rise in coal prices, the Boards had been obliged to announce increases in most of their tariffs. Even so, these new tariffs had not taken into account cost increases of approximately £10 million per annum, arising from changes in the tax on fuel oil in the Finance Act, 1961.

Planned Surpluses

If cost increases, as they occurred, were not balanced by new revenues or even greater economies, more money had to be borrowed. The self-financing programme depended on achieving planned surpluses.

The term "surplus" did not imply something over and above the needs of the industry. It was a contribution from revenue to capital development.

The additional capital requirement of £200 million above the forecasts to 1964-65 and the heavy programme foreseen for subsequent years called for a full financial review, which was taking place in the setting of the Government's White Paper on the Financial and Economic Obligations of the Nationalised Industries. As a result financial objectives for the Boards would be determined for a period of five years, subject to review annually, within a framework settled with the Minister of Power. For the industry as a whole this would call for increased annual surpluses during the period. These higher surpluses would be essential if the industry were to achieve a financial performance in accordance with the requirements of the Government's White Paper and if it were to find the capital resources it needed, while keeping its borrowings within manageable limits.

Increased Prices not Automatic

The Chairman explained that the electricity supply industry did not think in terms of automatic increases in prices to cover increases in costs. There was ample evidence of this. Over the last ten years or so, power station fuels had risen 60 per cent in price; the cost of mechanical

and electrical engineering materials had risen by 60 per cent and 40 per cent respectively; building and civil engineering costs had increased by more than 35 per cent and the interest rate on borrowed capital had nearly doubled. Against these increases, the industry had brought to bear considerable advances in technology, in the use of manpower and management techniques. As a result, the average price per unit of electricity sold to consumers as a whole in 1960-61 was kept down to 1.480d, as against 1.188d, ten years ago, an increase of no more than 25 per cent. It could be demonstrated that in relation to the overall level of retail prices electricity was actually 16 per cent cheaper. The Council considered it part of their duty to make known at every level in the industry how large a proportion of the nation's capital was going into electricity supply and the importance of ensuring that the most economic ways of deploying it were found.

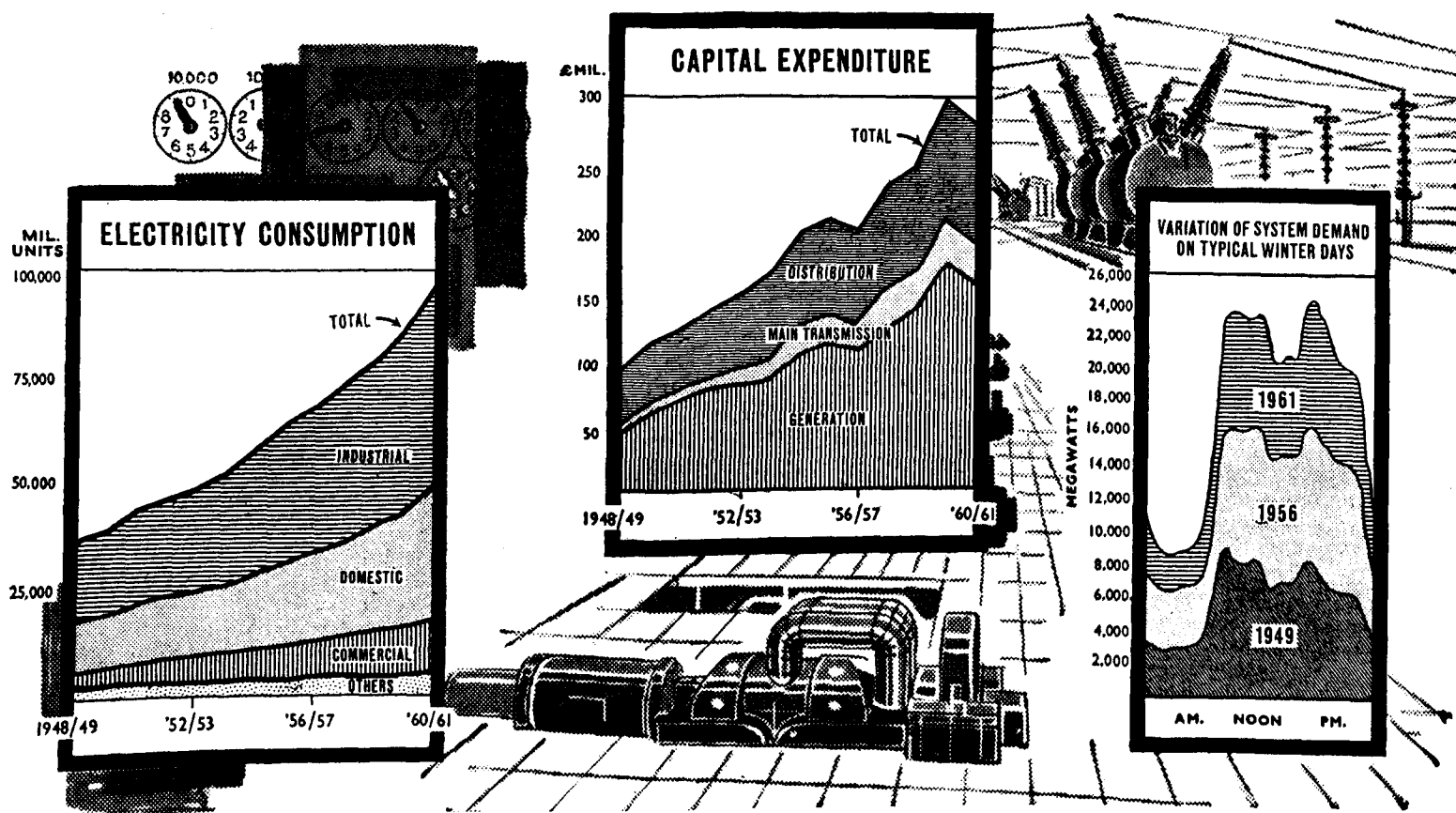
Most Effective Use of Capital

The capacity of the supply industry was more fully used than most capital assets in British industry. Power station plant installed during the last ten years or so had worked on a year-round average of 100 hours per week. In addition there were special projects designed to ease the problem of meeting the daily peak loads. For example, the 300 MW pumped storage scheme at Blaenau Ffestiniog would enable electricity to be generated at peak hours by means of water previously pumped up to a high level reservoir by the most economical stations in off-peak hours. And again, the cross-Channel link with Electricité de France would be coming into commission soon. Because of the differences in the incidence of peak demand in the two countries, 160 MW of load could be transferred

in either direction, with savings to both parties. These were on the production side. So far as the customer was concerned the Area Boards were active in promoting those uses of electricity, such as refrigeration and water heating, which helped to create a balanced load. Even more important, they encouraged the wider use of storage heating and new industrial techniques with loads occurring in off-peak periods, or which permitted load reduction at peak times. Following the introduction of special terms for supplies made available during specified off-peak periods, there had been a spectacular increase in the number of off-peak units sold.

Constant Search for Consumer Benefits

Sir Robertson King, who retires from the chairmanship of the Electricity Council on 31st December next, said that he could talk at length about other major achievements of the industry. Such features as: the completion of a rural electrification programme by which supply had been brought to 85 per cent of all farms in England and Wales; the continuing improvement in the thermal efficiency of power stations; and the increasing output of the industry as related to the number of employees. He could also refer to some of the major problems facing the industry. In particular, the difficulty of achieving a reasonable balance between the development of an economical supply system and the effect of such development on the beauty of the countryside and other amenities. The industry was facing up to these and other problems and the striking growth of the research programmes, now running at over £2½ million a year on revenue account, testified to the constant search for new, improved and cheaper ways to serve the electricity consumer.



TRADING RESULTS			FINANCIAL POSITION AT YEAR END		
	£ million			£ million	
	1960-61	1959-60		1960-61	1959-60
Gross income from all trading activities	665	615	Fixed assets at cost less depreciation and other capital provisions	3,209	2,929
Operating and other costs (excluding depreciation)	465	425	Current assets less current liabilities	1,104	1,004
Depreciation	200	190	Net assets	2,105	1,925
Interest and financial charges, etc.	104	93	Financed as follows:	14	22
	80	184	External borrowings	2,119	1,947
	70	163	Reserves (other than depreciation)	1,949	1,793
Net surplus—used to finance capital requirements	16	27		170	154
				2,119	1,947

THE ELECTRICITY COUNCIL

ANGLO-CYLON & GENERAL ESTATES

A DIFFICULT YEAR

The Seventy-fifth annual ordinary general meeting of The Anglo-Ceylon & General Estates Limited was held on September 26th in London.

Mr Francis W. Douse (Chairman), in the course of his speech, said: For the year ended 31st March 1961 the results of the overall operations of the Group showed a trading profit of £963,181 as against £1,108,557, resulting in a net profit to the company of £379,769 against £462,709 for the previous year. After making certain minor adjustments in connection with tax there is an available balance in the Profit and Loss Account of £705,772 as against £688,203 last year. A small transfer to Staff Contingency Fund of £15,000 has been made and the dividend we are recommending is the same as for last year, namely, 2s. per 5s. unit. The dividend is only just about covered but we do not consider this to be unsatisfactory considering the difficult year through which we have passed.

It is a disappointment to me personally that

COMPANY MEETING REPORTS

I should this year have had to place before you results which show a falling off from those of the past few years through circumstances beyond the control of the Board.

Referring to Mauritius, you will recollect that in 1959 the crop of sugar produced by Mauritius was an all-time record at nearly 580,000 tons, of which the Company produced in total 70,900 tons. Unfortunately, following the two disastrous cyclones in 1960, the sugar crop for that year for the Island amounted to only 235,600 tons, the lowest since 1945 when the crop was seriously affected by the then incidence of three cyclones. The Company's outturn for 1960, including Mon Tresor & Mon Desert Ltd., was 22,829 tons. I mention these figures to emphasise the extent of the disaster which the Island had to suffer.

Now as to affairs in Ceylon I am glad to say that as far as our Company is concerned, in the year under review there has been further progress agriculturally and the new system of agricultural control and local management has proved satisfactory. I would like here to mention that I am very appreciative of the advice which our Agricultural Managers have given us and of the great interest which they and the Estate Superintendents have shown in the working of the Estates. As you will have seen in my

THE ECONOMIST SEPTEMBER 30, 1961

factual report issued with the Accounts, a record crop of Tea was harvested.

CURRENT YEAR

Now as regards the prospects for the current year. In respect of Mauritius, a reasonably good tonnage of cane is expected to be harvested but weather conditions have so far not been as favourable as we could have wished but at this stage it is not easy to estimate what the actual outturn of sugar will be. The sucrose content of cane was abnormally low at the commencement of the cropping season but it now shows some signs of improvement.

As far as Ceylon is concerned, our crop of Tea to date shows an increase of some 200,000 lbs. and costs are therefore lower than last year. Market conditions, however, up to the present have not been favourable owing to larger world production of Tea and we can only hope for an improvement in the second half of our current year.

I can assure you that everything is being done to work as economically as possible and to control expenditure in order to be prepared for contingencies which can arise in these difficult political times.

The report and accounts were adopted.

THE ECONOMIST SEPTEMBER 30, 1961

COMPANY MEETING REPORTS

NYASALAND RAILWAYS LIMITED

The 30th annual general meeting of Nyasaland Railways Limited was held on September 27th in London, Mr W. M. Codrington, CMG, MC (chairman and managing director), presiding.

The following is an extract from his circulated statement:

Last April our colleague Mr A. E. P. Robinson was selected by the Federal Government to represent them as their High Commissioner in London and therefore resigned from the Board. We shall miss his wise counsel but wish him every possible success in the difficult assignment which he has undertaken at a critical moment in the history of the Federation. In order to maintain the Company's representation in Salisbury, we have been fortunate in securing the services of Mr E. S. Newson, OBE, General Manager of the British South Africa Company in the Federation, to be a Local Director. He has already shown much wisdom in the handling of our affairs.

In September, 1960, Lord Rupert Nevill was appointed a Director of the Company to fill the vacancy caused by the death of Mr Christopher Holland-Martin. In recent months, Mr W. E. A. Robinson and others associated with him have acquired a substantial holding amounting to some 45 per cent of the publicly-held shares in this Company; and he has informed us of his intention to propose himself and Mr R. F. Norman for election to the Board of the Company at the Annual General Meeting. In these circumstances, Lord Rupert Nevill has intimated his intention not to seek confirmation of his appointment to the Board.

Operating receipts amounted to £1,171,639 compared with £1,104,740, an increase of 6.06 per cent. Expenditure, unfortunately, rose by £78,667 to £1,061,258, an increase of 8.01 per cent, leaving a net operating surplus of £110,381 compared with £122,149 in 1959, a decrease of 9.63 per cent.

We have been able to recommend a distribution to the Ordinary Shareholders of 6 per cent for the year.

In my statement last year I emphasised the degree to which the prosperity of our Company depended on confidence in the future of Nyasaland and the prospect of political stability.

YEAR OF UNCERTAINTY

The year under review was one of uncertainty and waiting. As a result, with the exception of Government schemes largely financed by the Federal Authorities, capital investment by commercial interests declined almost to vanishing point. The result of this can be seen in the reduction of our receipts from the carriage of imported capital goods. There was an increase in the carriage of local products, thanks to a favourable growing season; but since these products are in general carried at low rates, the unavoidable result was an unwelcome rise in our operating ratio.

Increases in operating costs, particularly wages, have been accentuated during the present year. In fact, during the last five years our increased traffic earnings have been more than overtaken by increased operating costs, and we were left with no alternative but to introduce a general increase in rates (the last increase was in 1953), which became effective at the beginning of January this year.

During the latter part of the year we had to face a mass walk-out on the part of almost all of our African staff. This is the first time this has happened in the history of the Railway. Since the railways are specified as an essential service under the Law, this stoppage was, to start with, illegal. But later on, the Government recognised the existence of a trade dispute and appointed an Arbitrator who awarded appreciable increases in wages to certain of the lower-paid categories of our African staff. The effect of this award on our operating costs has made it necessary for us to apply to the Federal Government for permission to impose a further increase in rates.

I would, however, at this point, like to pay tribute to all the members of our staff of all races who continued at work during the strike and assured the transport of practically the whole of the traffic which was offered to the Railway. Their determination, loyalty and hard work are beyond praise.

You will all have knowledge of the Report of the Monckton Commission. In general it emphasises the economic advantages to Nyasaland of continuing in the Federation; but this view is not accepted by the dominant African Nationalist Party in Nyasaland, chiefly because of a fear that any political association with Southern Rhodesia would imperil the social and political advancement of Africans. We naturally hope that progress in Southern Rhodesia towards a more liberal treatment of African interests will allay the fears now harboured by African leaders in Nyasaland.

The need for development, particularly in the fields of education and agriculture, is very great. In a few weeks a new Government will be elected in which Africans will enjoy a preponderant voice in the legislature. The biggest problem which will confront them will be how to accelerate development—particularly in the directions I have mentioned—having regard to their express opposition to any form of co-operation with the Federal Authorities. This is scarcely less important than the efficient discharge of their duties in relation to the internal administration of the territory in which they will enjoy, not only the assistance of trained administrators, but the support of all interests who, like ourselves, have the future of the country and its inhabitants, of whatever race, very much at heart. Happily, there is every reason to hope that Dr Banda, who leads the dominant Malawi party, is fully alive to these important factors.

Although in recent years we have spent considerable sums out of our retained earnings on the improvement of the railway, there still remains an urgent need for a fresh infusion of capital. But this will not be possible until the economic and political state of the country is more stable.

During the current year increased operating costs are by no means offset by increased receipts and this factor, combined with the prospect of decreased receipts in respect of arrears of interest on the Central Africa Railway Debentures indicates that the financial prospects of the Company at the moment look none too good. But we, and our Management, are alive to the difficulties that face us and have every faith in the future of the Company, provided that political stability is attained and that the economic development of Nyasaland is resumed.

The report and accounts were adopted.

WM. CORY & SON, LIMITED

VALUE OF DIVERSIFIED ACTIVITIES

The Honourable F. A. Leathers, the Chairman of the Company, presided on September 21st at the sixty-fifth Annual General Meeting of Wm. Cory & Son, Limited, held at Cory Buildings, Fenchurch Street, London, E.C.3.

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

Bearing in mind that trading conditions have been seriously upset by industrial unrest at home and economic uncertainty in overseas trade, the results are not unsatisfactory, mainly because of diversity of the Group's activities. The coal side of the business has improved as a result of concentrating our facilities in the Thames to the minimum essential for the servicing of the coal.

Our collier fleet has had to contend with the steadily reducing tonnage of seaborne coal. In addition, the shipping industry has had to bear the losses arising from the seamen's strike in the summer of 1960. During the year the *Cornwall* and *Cornmarsh* were sold.

The coastwise tankers have traded at an increased profit.

Two deep sea tankers have continued to trade at rates which have barely covered operating costs. The third does yield a modest return.

The ore-carriers of The St. Denis Shipping Company have been trading satisfactorily under charter to B.I.S.C. (Ore). The fourth ship will shortly be going into commission.

The Group interests in towage and lighterage have, in the main, made an increased contribution. In order to promote more efficient management and operation, it was decided to amalgamate the general goods interests of three subsidiaries.

The river Thames has been beset by a series of unofficial strikes. The result has been that the activities of the subsidiaries which operate on the river Thames under the management of Cory Associated Wharves have fallen somewhat short of our expectations. On the other hand, its subsidiary operating warehousing, clearing and forwarding, largely outside London, has made a greater contribution. We are actively pursuing our policy of developing further this side of our business in provincial centres.

Cory Sand & Ballast Company were able to maintain the improved results of a year ago. The new sand dredger is about to be delivered. The shore facilities will be augmented by a further installation at Poole.

The oil distribution side has produced a higher turnover of petroleum products, not without increased overhead costs in a very competitive market.

The oil bunkering section has made an almost identical contribution compared with the previous year.

The Board is studying the implications for your Company of a possible entry by the United Kingdom into the Common Market. Every opportunity will be taken of increasing our business in Europe through our subsidiary and associated companies on the Continent.

I record a substantial improvement in the profits from our companies in Southern Rhodesia, Nyasaland and Moçambique. In South West Africa the results have been most encouraging.

The report was adopted.

ASSOCIATED BRITISH FOODS

Another Year of Record Achievement

Sales Increased by £20 Million to £163 Million

The following are extracts from the Statement of the Chairman, Mr. W. Garfield Weston, circulated with the Report and Accounts, of Associated British Foods Limited for the year ended 1st April 1961.

The most encouraging feature in another year of record achievement has been a further increase in our total sales from £143 million to £163 million. The gross profits of the group before depreciation and taxation amounted to £12,775,000 and this exceeded last year's gross profits by £1,304,000. Our contribution to the National Exchequer in the form of direct taxation again absorbs over 45 per cent. of our net profits and this proportion is likely to rise next year when the second successive annual increase in profits tax becomes effective.

This year has again been one of considerable expansion in all spheres of our activities and our expenditure on new and replacement capital assets of one kind and another exceeded £12 million. Capital Commitments at the beginning of April 1961 amounted to approximately £5,500,000.

Trading Policy

Because I believe so strongly that the customer is of paramount importance I make no excuse for repeating in substance what I said last year on this subject. We believe in quality of product and service

and we do our best to maintain these at the highest possible levels. We make every effort to improve efficiency at all stages of manufacture, distribution and selling and we are determined to maintain the goodwill and satisfaction of all our customers.

We have, to the best of our ability, countered increasing costs of raw materials, labour, etc., with a concentration on still further improving our manufacturing and distribution techniques but certain price increases have been unavoidable. Nevertheless, these have been kept to a minimum and our present margin of profit—about 6½d. for every £1 of sales—is evidence of our determination to make an influential contribution to the economic stability of the community.

I would emphasise that our increased profits come from increased sales and greater efforts and not from increasing the profit margins on our sales.

Although we have spread our activities into many different sectors of the food industry the Bakery Division still forms the major part of our organisation both in sales volume and in profit earning capacity. We are continuing to expand this part of our business.

Again this year I am happy to report that we have succeeded in increasing our share of the total biscuit market. The biscuit

division has, this year, increased its contribution to group profits and we can look forward with confidence to further progress in this direction.

Both the wholesale and retail sections of our grocery trade have made good progress during the year.

Our overseas subsidiaries are allowed to retain all their profits for expansion, and a substantial part of the £2,000,000 cost of new acquisitions last year was incurred in Australia and New Zealand. We can be proud of the progress made by our companies overseas.

The Future

If our present progress is maintained and if there is no serious economic setback our profits will again show a substantial increase this year. Our plans are long term and far reaching and I personally have the utmost faith and confidence in the great future of this organisation.

We have unrivalled experience, we have competent and progressive management, we have adequate financial and other resources—all the ingredients necessary for development. I said last year that we set no boundaries to our progress—nothing has happened to change our views on this, rather would we underline the phrase.

VOKES GROUP LIMITED

(Specialists in Filtration & Silencing
Equipment and other Specialised
Engineering Products)

SALES AN ALL-TIME RECORD

Profit ... £580,507 (£536,055)
Less Taxation ... £265,593 (£225,022)
Net Profit ... £314,914 (£311,033)

Recommended Final Dividend of 14½ per cent less tax, making with the Interim Dividend of 5½ per cent less tax a total Ordinary Dividend for the year of 20 per cent less tax £149,939 (£115,579).

The Twenty-fourth Annual General Meeting of the Vokes Group Limited was held on September 21st at Woking, Sir Ian Stewart-Richardson, Bt (Chairman), presiding.

The following are extracts from his circulated statement for the year ended March 31, 1961:

I feel confident that Shareholders will find the results shown satisfactory.

This is the first occasion that the Accounts reflect the reconstruction of the Company. On September 30, 1960, the name of the Company was changed to Vokes Group Limited and the trading activities of the Company were transferred to a new Company called Vokes Limited.

INCREASED TRADING PROFIT

There has again been a commendable increase in the trading profit, to which all Companies within the Group have contributed. In view of the increased uncertain political outlook in South Africa, it has been considered expedient to increase the Investment Reserve.

The increase in Trading Profit is in no way due to improved profit margins. In fact the opposite has been the tendency, due to the difficulty of recovering, within selling prices, increased production costs, which include a rise in wage rates affecting the period under review. The satisfactory results have been entirely brought about by increased sales, where, excluding inter-company trading, an all-time record was achieved, both as regards volume and value.

Referring to my remarks last year on the Common Market, it has been decided that the Company should proceed with its own arrangements and negotiations are well advanced for the acquisition of a substantial interest in a small engineering company within the Common Market area. It is felt that should the United Kingdom join this Market, an interest in such a manufacturing unit would still be advantageous.

As regards the current outlook, it is too early to judge the full effect on industry of the measures announced in the Chancellor's recent statement. At the present time there is a very satisfactory order book position sufficient to ensure full production in all companies of the Group for some months ahead. However, there is no doubt that the economies to be introduced and the curtailment of spending power at home, if effective, must reflect directly upon many of our customers, including Government Departments, and the cancellation of long-term orders under such conditions is always a possibility.

COMPANY MEETING REPORTS

VALUABLE RUSSIAN CONTRACT

It is regrettable that the Chancellor's proposals again failed to include any direct incentive to export. However, in this connection, I quote a press release by the Company published on July 27th last:

"Vokes Group Limited announce that their wholly-owned Subsidiary Company Robert Kellie & Son Limited of Dundee, Manufacturers of Food Processing Machinery, have been awarded a contract by Technoprom-import, USSR, for the supply of the complete equipment for the storage of Potatoes and the manufacture and packaging of Potato Crisps, Potato Chips, and Potato Cakes. The value of the contract is £400,000."

I would again stress the vital importance of the extensive research and development work being continually carried out not only in the filtration field, although this still covers the largest part of the production, but also in relation to the other diversified products manufactured by the various companies in the Group. This is the life blood of our future and is imperative not only in maintaining these products in the pre-eminent position they undoubtedly hold, but also in meeting growing competition which will no doubt intensify should Britain join the Common Market.

The report was adopted.

LONDON SHOP PROPERTY TRUST LTD.

YEAR OF PROGRESS

The Thirtieth Annual General Meeting of London Shop Property Trust, Limited, was held on September 28th, in London, Sir Cyril Black, JP, DL, MP, FRICS, FAI, Chairman, presiding.

The following are the main features from the circulated statement for the year ended April 30, 1961:

I feel sure that Shareholders will be well satisfied with the results for the past year.

Capital Changes.—The capital of the Company has been reorganised, and the Stock which formerly consisted of units of £1 has now been converted into Shares of 5s. each. This change was undertaken to increase the marketability of the shares and their popularity with the investing public. The Freehold and Leasehold properties owned by our Property Investment Companies increased in book cost during the year by about £130,000.

Profits and Dividend.—The profit for the year after taxation rose from £48,087 to £62,232. An interim dividend of 4 per cent., less tax, was paid on 28th April, 1961, and, subject to the approval of the Shareholders, a final dividend of 6 per cent., less tax, will be paid.

New Developments.—Last year's profits do not represent the full earning potential of the Group, as during the year we received no income from our two major building schemes in Manchester and Bedford. We should receive the full benefit from these properties in 1962/63 and subsequent years.

The operations of this Group of Companies continue to prosper and we anticipate an expanding and progressive future.

The report and accounts were adopted.

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COAST LINES LIMITED

The forty-eighth annual general meeting of Coast Lines Limited was held in London on September 26th. The Chairman, Captain A. R. S. Nutting, OBE, MC, in the course of his speech, said:

The Consolidated Profit and Loss Account shows that after providing for depreciation, future surveys and deferred repairs, the trading profit for the year 1960 amounted to £1,089,682 as against £1,194,100 in 1959. Our 1959 trading profit included a sum of £163,226 released from provision for surveys, deferred repairs and underwriting set aside in previous years in respect of ships sold during the year. Deducting this non-recurring credit from the profit of 1959 the comparison of the result of our trading in the two years is an increase in profit of £56,473 over 1959.

The net profit of the Company and subsidiaries amounts to £709,526 against £871,508 in the previous year. Deducting taxation deferred in respect of prior years, the proportion of profit belonging to outside members and amounts retained by subsidiaries, Coast Lines Limited is left with a net profit for the year of £457,656.

We have transferred £100,000 to Fleet Replacement Reserve and, after providing for the dividends paid on the Preference Stocks and the two interim dividends paid on the Ordinary Stock, as increased by the £1,000,000 issue in June 1960, there remains a surplus of £24,304 to be carried forward increasing the balance to £716,435.

The Report and Accounts were adopted.

R. G. SHAW & COMPANY CONTINUED PROGRESS

The 20th annual general meeting of R. G. Shaw & Company Limited will be held on October 17th in London.

The following is an extract from the circulated review of the chairman and managing director, Sir Harry Townend:

The Group profits before taxation amounted to £415,008 as compared with £342,543 for the previous year. After deducting taxation there remains £203,767 as compared with £167,492 for last year.

Your Board is recommending a final dividend of 12½ per cent (making 20 per cent for the year).

From time to time, as the profits of the Group and the Capital employed in the business increase the Directors have recommended the issue of bonus shares to Members by the capitalisation of Reserves. In accordance with past policy your Board has had under consideration the capitalisation of £100,000 from share premium account and the issue to Members of one new share for each nine shares held, bringing the Issued Capital to £1,000,000.

It is now proposed to call an Extraordinary General Meeting before the end of the year to submit a resolution to this effect. A Capital of £1,000,000 qualifies the Company's shares to be considered as a Trustee investment.

Your Board wish to point out, however, that although it is anticipated that profits for the year to June 30, 1962, would enable the dividend of 20 per cent to be maintained on the Capital as increased, this may not be deemed advisable unless the Chancellor's request for dividend restraint is withdrawn.

THE ECONOMIST SEPTEMBER 30, 1961

H. S. WHITESIDE & CO. LIMITED

(General Food Manufacturers)

MR T. A. BARNES ON GROUP'S TRADING
ACHIEVEMENT AND CONTINUED EXPANSION

The thirty-sixth annual general meeting of H. S. Whiteside & Company Limited was held on September 22nd in London.

In his circulated statement, the chairman, Mr T. A. Barnes, referring to a proposed three-for-four rights issue of 6,380,209 ls. ordinary shares, at a price of 3s. per share, said that the directors were of the opinion that, subject to

COMPANY MEETING REPORTS

unforeseen circumstances, the profits for 1961 would be sufficient to justify a forecast that a total dividend of not less than 30 per cent would be paid in respect of the year ending December 31, 1961, on the capital as increased by the rights issue.

Reporting on the results which had been achieved, the chairman said that Group profits and turnover—home and export—reached new records. That was particularly encouraging, as the new records had been reached in the face of increasing costs and ever-intensifying competition in the food industry.

The Whiteside Group of companies had an export record of which it could be proud. In 1960 orders totalling over £1½ million had been

secured covering shipments to well over one hundred territories.

Results to date indicated that the export sales record set up in 1960 would be beaten during the current year.

Commenting on current prospects, Mr Barnes concluded: With each section of the Group showing satisfactory increases in turnover to date, the indications are that sales for the year will establish a new record.

We continue to seek every opportunity to expand our interests in the industry, and challenging as conditions are, we are of the opinion that we can meet them with confidence.

The report and accounts were adopted.

APPOINTMENTS

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.

ECONOMIST

Young Economics Graduate required by Turner Brothers Asbestos Co., Ltd., Rochdale, manufacturers of asbestos and glass textiles, belting and specialised products, to assist in market research, sales analysis and economic intelligence work. The position, which is being re-advertised, will provide an excellent opening for someone intending to make a career in industrial market research and it could also be the avenue to wider opportunities for the man who makes a success of it. Applicants who are interested in this permanent and well-paid career should send full details to the Chief Personnel Manager, Turner Brothers Asbestos Co., Ltd., Rochdale.

TRADES UNION CONGRESS

Vacancies for Departmental Assistants. Duties include preparation of memoranda, reports, and some lecturing. Applicants should be adaptable, interested in trade union affairs, and have education and/or experience suited to work involving any one of the following: economics, production, education, health and safety, trade union organisation. Commencing salary up to £1,075 according to age. Application forms obtainable from the General Secretary, Trades Union Congress, 23/28 Great Russell Street, W.C.1, to be returned by October 20.

E&C

O. and M. PLANNER

We are seeking an experienced O. and M. Planner for our COVENTRY group of factories.

The company is engaged in a major re-organisation and this job will prove to be a genuine challenge to the right man.

Qualifications:

A degree is desirable and experience of the following is sought:

Costing Techniques.
Production and Production Control.
Ability to simplify organisations and procedures.

Salary:

This is a senior position and commands a commensurate salary.

Apply to:

The Staff Officer,
THE GENERAL ELECTRIC CO. LTD.,
Telephone Works,
Copewood, Coventry

PRODUCT CONSULTANCY

Product consultancy is new and growing fast. We need more people who know where to find elusive facts.

If you have:
(1) Skill in searching information sources;
(2) Technical or economic qualifications;

(3) A working knowledge of German; you are invited to apply for one of two positions as
ASSISTANT INFORMATION OFFICERS.

Starting salary would be up to £1,000 per annum, depending on experience, and at a later stage successful candidates may be considered, if they wish, for positions as consultants.

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THE UNIVERSITY OF LEEDS

DEPARTMENT OF SOCIAL STUDIES

Applications are invited for appointment to two RESEARCH ASSISTANTSHIPS (Salary £1,000-£1,850) to be employed in a project: "Co-operation and Conflict in the Mining and Engineering Industries," supported by the Department of Scientific and Industrial Research. The project is designed to last two years. Applicants should be qualified in Economics or Sociology, and have some experience of Research in associated fields. It is expected that one of the candidates will work in Leeds, and the other in Sheffield. Applications (three copies), together with the names of three referees, should be sent to The Registrar, The University, Leeds 2 (from whom further particulars can be obtained), not later than October 31, 1961.

YOUNG CHARTERED ACCOUNTANT OR ECONOMIST

The Chairman of a vigorous and expanding Group requires in his private office an able, personable young man to assist in the analysis of financial results and the preparation of concise reports on all aspects of the activities of the Group.

Candidates should not be older than 28; the salary will be around £1,250 per annum; the work will be demanding and will require considerable initiative; it will present an exceptional opportunity, both in immediate experience and the possibility of future advancement. Preference will be given to University Graduates.

The Group's standards are exacting; but men really interested should write to Box No. 4302, c/o Charles Barker & Sons, Limited, 20 Cannon Street, London, E.C.4. Strict confidence will be observed.

UNIVERSITY COLLEGE OF RHODESIA AND NYASALAND

Applications are invited for 2 posts of (A) Assistant Lecturer or (B) Lecturer in Government. Salary scales: (A) £1,200 x £50—£1,350 p.a.; (B) Grade 11, £1,350 x £50—£1,600 p.a.; Grade 12, £1,600 x £50—£1,900 p.a. Applications would also be welcomed from persons interested in secondment for such duties. Passages to Salisbury for appointment, wife and dependent children on appointment, with allowance for transport of effects, Superannuation and Medical Aid Schemes. Unfurnished accommodation at rent of 15 per cent of salary. Assistance given for triennial visits overseas. Detailed applications (6 copies) naming 3 referees by November 8, 1961, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

For further appointments and other
classified advertisements see
page 1308

MARKET RESEARCH

Within our marketing team we propose to appoint a Research Officer (male or female) who will be required to interpret published recurring information and recommend action; also to suggest and commission research and interpret results in relation to marketing problems affecting this developing food Company within Unilever.

Candidates should have an Economics degree and an interest in statistical methods. A success story of a few years' experience in this stimulating work will, however, be more important.

Salary range is wide, and starting salary will depend upon experience and qualifications.

Apply, giving brief personal details, to Company Personnel Manager, T. Wall and Sons (Meat & Handy Foods) Ltd., Atlas Road, Willesden, N.W.10, quoting reference No. 100.

COMPANY AFFAIRS

Disappointment from AEI and Vickers

THE interim reports of Associated Electrical Industries and Vickers, reviewed in these columns a year ago under the heading "Blue Chip Blues" again make dismal reading for the first half of 1961. Both reports show that investors who bought shares on the slightly more encouraging tone of the companies' full reports and chairmen's statements were precipitate. Since May Vickers have fallen by over 8s. to 29s. 6d., to yield 6½ per cent on the seemingly inevitable 10 per cent dividend. The £1 shares of AEI have fallen by 12s. 9d. to 32s. 3d. since the full report appeared six months ago and now yield 9½ per cent on a 15 per cent dividend. As with Vickers, this rate has been held for the past six years; but AEI's directors shook the market when they kept the interim at 5 per cent but warned shareholders that "it should not be assumed that the rate of dividend for the whole year will necessarily be maintained."

This seems slightly at odds with the improvement in the results of AEI in the first half of this year, compared with the two six-monthly periods of 1960. But although the improvement in trading profit is encouraging to some extent, higher charges for depreciation and loan interest have had to be met, and with the prospect of a higher profits tax charge, earnings for 1961 are likely to be little changed from those of 1960. No doubt the group's tight cash position inspires the directors' caution about the total dividend which has been barely covered by earnings for two years past. A

ASSOCIATED ELECTRIC

Six months ended	June 30, 1960	Dec. 31, 1960	June 30, 1961
Output	101.9	113.4	103.5
Trading profit	8.23	8.16	9.11
Gross profit	4.49	4.01	4.79
Gross profit as a percentage of output	4.41	3.54	4.63
Orders received	113.3	109.7	106.6

small decline in general orders and the continuing bleak outlook for domestic appliances and television sales are also discouraging, but the recent merging of AEI's radio valve and television tube interests with Thorn Electrical should eventually produce some economies.

Those shareholders in Vickers who were looking for some increase in dividend on the argument that the company would not have to make further large provision for aircraft development expenditure will find little support in the figures for the first half of 1961. These show a further advance in sales but a sharp drop in trading profits; the directors blame this on the large volume of aircraft sales which showed no profit. Thus compared with the first half of 1960,

profits are virtually unchanged even though no development provision has been made. The directors will decide at the end of the year if any similar provisions for develop-

VICKERS

Six months ended	June 30, 1960	Dec. 31, 1960	June 30, 1961
Sales	£ mn. 75.67	£ mn. 83.56	£ mn. 84.81
Trading profit	6.17	7.96	4.71
Aircraft development	1.50	1.00	...
Gross profit	4.67	6.96	4.71
Gross profit as a percentage of sales	6.17	8.33	5.55
Orders on hand	286.0	307.0	299.0
Net assets	115.10	114.77	119.83
Gross profit as a percentage of net assets	4.06	6.06	3.93

ment expenditure have to be made for the VC10s. But they again expect profits in the second half of the year to be higher than in the first, so that net profits for the full year may about equal those of 1960. With orders for shipbuilding running down and lower profit margins in engineering, the unexciting prospects are clearly reflected in Vickers' high yield.

Associated British Foods

THE 1½ per cent yield on the ordinary shares of Associated British Foods reflects an impressive record of growth over the last ten years. The chairman, Mr W. Garfield Weston, plans a further rapid expansion and has set a target of £200 million turnover by 1962-63. In the year to April 1st, the group took a step towards this by raising its sales from £143 million to £163 million. But the going promises to be hard under present conditions of price cutting and fierce competition in the food business.

Last year, gross profits of the group rose by just over 10 per cent from £7,595,000 to £8,336,000 and the ordinary dividend was raised from 21 to 22½ per cent, still covered 2½ times. Capital expenditure exceeded £12 million, financed by a cash flow of £7 million and £5 million released from lease-back sales. In the current year a further £6 million has been raised by a shrewdly judged 6½ per cent debenture.

The group has rather wider interests than most of its competitors, for it includes bakeries, biscuits, wholesale and retail groceries, ice cream and frozen foods. The bakery division has been developed into a highly profitable business and Mr Weston is confident that a similar improvement can be effected with A. B. Hemmings, the recently acquired chain of 230 shops. Overseas interests have again done well and a substantial part of the £2 million spent on new acquisitions last year was in Australia and New Zealand. Mr Weston is confident in ABF's plans for long term expansion,

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based on the growth of supermarkets, and he expects a further substantial increase in profits for the current year if there is no serious economic setback.

Qualcast

SHAREHOLDERS and employees of Qualcast are kept regularly informed of their company's progress by circulars from the chairman, Mr J. E. V. Jobson. Last July he recorded that despite below-capacity working in those sections serving the car and refrigerator industries, profits for the year to June 30th would exceed those for the previous year. Trading profits in fact rose by 9½ per cent from £1,611,000 to £1,767,000 but almost all this increase was absorbed by higher charges for depreciation and tax and left net profits only £11,000 higher at £671,000; the ordinary dividend raised fractionally from the equivalent of 17½ to 18 per cent is covered 2½ times.

The directors however were prepared, but for the Chancellor's call for dividend restraint, to recommend a higher payment. They do not indicate the increase they had in mind but it might well have been to 20 per cent, which would be covered just over twice. This suggests that they view with confidence the prospects of the motor industry to which they are a major supplier. In fact, the impact of the recession in the motor trade was cushioned by the group's diversification into other markets for castings which now absorb over half its sales. Lawn mower sales, too, almost certainly picked up last year after two bad seasons. With the new automatic foundry now running well, the group is better placed to meet the "more intensive competitive trading conditions" mentioned by Mr Jobson in July. On the 18 per cent dividend the 5s. shares yield 4.4 per cent at 20s. 7½d. and would return close to 5 per cent on a 20 per cent payment.

National Canning

SALES of canned and frozen foods are rising in this country and National Canning has shared in the increase; in the year to May 31st its sales again rose, but the rise in exports was greater than that in home sales. Prices were lower, however, and the group was particularly hit by the glut of canned peas which were pressed for sale last winter. These have always been the group's biggest line and it was forced to sell them substantially below cost. The result was that gross profits fell by over 54 per cent from £637,000 to £290,000.

The fall in profits would have been even steeper but for additions to the group's range of products. The balance sheet shows the effect of the stiffer trading conditions, with stocks 19 per cent higher at £2.2 million and a bank overdraft of £390,000. Last year the group spent over £500,000 on new plant and equipment. Sales so far in the current year are higher than a year ago, which suggests that diversification is justifying itself in the highly competitive food

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trade. The £1 ordinary shares now stand at 46s. 6d. and yield 5½ per cent on the maintained 12½ per cent dividend.

Henry Wigfall

THE 5s. shares of Henry Wigfall have been on a consistently low yield basis since they were marketed two years ago and the latest results go some way to explain the regard in which they are held in some quarters. Although the dividend is maintained at 15 per cent, gross profits in the year to March 31st rose from £151,000 to £1,091,000. This result was achieved in a period when the volume of business showed a marked reduction following the imposition of hire purchase restriction—an anomaly that applies to few businesses outside television rental. The reason is the heavy depreciation charges involved in writing off sets on rental over three years. This charge amounted last year to £2,413,000 against £2,789,000 and unless business picks up it may be lower still in the current year.

This is not, however, the only factor in boosting Wigfall's profits. The company also has a large hire purchase business which expanded rapidly in the previous year but the latest figures show that the provision for unearned profit on hire purchase agreements still amounts to £1,266,000 against £1,593,000. How far these boosts to earnings will be reflected in higher dividends (which must be the ultimate justification of the present low yield) will clearly depend on trading prospects. The market seems confident that these bigger payments will come and the shares have been marked up 3s. to 33s. 6d. to yield 2.3 per cent.

Buxted Chicken

A YIELD below 3 per cent on the 5s. shares of Buxted Chicken heavily discounted its growth of profits and the remarkable figures from this leader in the competitive broiler industry left the shares unchanged this week at 25s.; with the dividend raised from 14 to 20 per cent the yield is now over 4 per cent. Gross profits for the year to June 30th rose from £221,000 to £404,000 and net profits from £132,000 to £214,000. The ordinary dividend is paid on the capital as increased by shares issued on the acquisition of Western Chicken and a northern broiler chicken group.

This week shareholders meet to approve an agreement for Spillers to acquire a sizeable stake in Buxted Chicken by its subscription for 250,000 shares at 22s. 6d. a share with a further option on up to 150,000 shares at 27s. 6d. until June, 1964. In addition Spillers will subscribe at par for £500,000 8 per cent unsecured loan stock. This arrangement will bring much needed liquid resources to the group which had total overdrafts of £553,000 at June, 1960, and hire purchase commitments of £202,000. Capital commitments last May amounted to £800,000 and clearly the group is maintaining its present rapid rate of expansion. This industry works on low profit margins and a rapid turnover and further

COMPANY AFFAIRS

growth must depend on expanded output and a continued growth in demand. If the public's appetite for broilers does not change, Spillers could well be acquiring an interest cheaply, for Buxted shares reached a peak of 34s. 9d. earlier this year.

Doxford and Sunderland Shipbuilding

WHEN a merger between William Doxford and Sunderland Shipbuilding was proposed last May, profits of both companies were expected to be substantially less than for the previous year. The first results from the newly merged company show that the gross profit of Doxford in the year to June 30th fell by 35 per cent from £1,248,000 to £819,000 and net profits from £660,000 to £427,000; Sunderland's gross profits for the year to March 31st fell by 22 per cent from £1,018,000 to £796,000 and its net profit from £585,000 to £411,000.

It was also forecast that the ordinary dividend on the Doxford capital as enlarged by the acquisition of Sunderland would be unchanged at 30 per cent. The question now is whether this payment can be maintained, for the combined profits of the two companies covered it about 1½ times on the latest earnings. Shareholders were warned at the time of the merger that in the absence of an early and material change in shipbuilding prospects profits would fall further in 1961-62. News of a £2 million order from Reardon Smith last week brought a rise of 4s. 9d. in the £1 shares to 58s. 9d. but they are now back to 57s. to yield 10½ per cent.

Dimplex

DIMPLEX has been making radiators and heaters for little more than a decade and has made rapid strides. In the year to June 30th, its first as a public company, trading profits rose by nearly 70 per cent from £354,000 to £599,000. The final dividend has been held down at 20 per cent in compliance with the Chancellor's request, giving a total for the year of 35 per cent compared with the equivalent of 25 per cent for 1959-60. This payment is covered almost 4½ times.

Demand in the current year is good, with orders for the first twelve weeks higher than those for the same period last year. Thus the rise in stocks from £444,000 to £618,000 is due mainly to stockpiling to meet an expected rise in demand. Despite this sharp rise the chairman, Mr E. J. Wade, is confident that liquid resources of £239,000 at June 30th are adequate for its proposed developments. At the current price of 85s. 3d. cum the proposed two for three scrip issue the 5s. ordinary shares yield 2 per cent; when the shares were first offered in December, 1959, they stood at the equivalent of about 16s. Domestic heating is a highly competitive business, and the market clearly has a high opinion of the record and potential of this small but successful company.

London Stock Exchange

FIRST DEALINGS:	Sept. 4	Sept. 18	Oct. 2
LAST DEALINGS:	Sept. 15	Sept. 29	Oct. 13
ACCOUNT DAY:	Sept. 16	Oct. 10	Oct. 24

LAST Thursday it seemed that the stock market might be developing a better tone following the rally on Wall Street on Wednesday, the Katanga cease fire agreement and the joint U.S.-Soviet declaration to guide disarmament talks; but the improvement was short-lived and over the rest of the week to Wednesday equity prices drifted lower. By Wednesday the *Financial Times* index of ordinary share prices at 301.4 was down to its level of July 17, the lowest of the year. Over the week *The Economist* index lost 5.5 points to 355.7, also a new low point for the year. A variety of influences contributed to the decline, including the disappointing half-yearly statements from AEI and Vickers, and the sharp fall in car production figures; there was also much uncertainty ahead of the ICI half-yearly results on Thursday.

Gift-edged stocks were not as dull as equities. Around the week-end medium-dated stocks attracted the most buyers, including a few large orders on Friday. By the middle of this week long-dated stocks tended to ease and there was a revival in demand for short-dated stocks on Wednesday. The medium-dated stocks held up quite well, Conversion 5 per cent. 1971 gaining 7½ to 88½. Among the shorts Exchequer 5½ per cent 1966 gained 1½ to 96½.

Bank equities held up over the week and closed with small gains, despite losses on Wednesday; Barclays gained 1s. 3d. to 74s. 9d. Among insurance shares there was an active market in the new Royal Insurance shares which opened at 38s. premium and after touching 40s. closed on Wednesday at 36s. premium. Among brewery shares, Threlfalls and Chesters fell after the merger announcement but Vaux recovered from early falls and advanced 2s. 6d. over the week to 77s. 6d. Although electrical shares gained on Wednesday they did not offset earlier losses; AEI showed the biggest fall, by 4s. 3d. to 32s. 6d. Stores shares showed small gains, such as Marks and Spencer which rose by 6d. to 102s. There was no clear trend in engineering shares; Davy-Ashmore continued their recent rise, gaining 1s. 9d. to 150s. 3d., but Vickers lost 2s. 10½d. to 29s. 10½d.

Steel shares showed mixed movements, with John Summers, United Steel and Whitehead gaining small amounts. Motor shares were slightly lower, after the August car production figures. Rumours that the U.S. parent company would buy up the Hoover minority drove the price of the shares up, but after an official denial the "A" closed with a net fall of 3d. at 43s. 3d. Oil shares improved after the effectively increased interim dividend from Shell, which gained 3s. to 115s. Kaffirs improved on the news of the US loan to Rand Selection.

LONDON AND NEW

Prices, 1961		BRITISH FUNDS AND GUARANTEED STOCKS		Price, Sept. 20, 1961	Price, Sept. 27, 1961	Net Yield, Sept. 27, 1961	Gross Yield, Sept. 27, 1961	Prices, 1961		Last Two Dividends (a) (b) (c)	ORDINARY STOCKS		Price, Sept. 20, 1961	Price, Sept. 27, 1961	Yield, Sept. 27, 1961	Cover
High	Low							High	Low							
92 1/2	88 3/4	Savings Bonds 3%	1955-55	88 1/2	88 1/2	5 0 4	5 0 4	89 7/16	64 1/2	%	BANKS, DISCOUNT & HP		73 1/2	74 1/2	3 48	...
101 1/2	99 1/2	Conversion 4 1/2%	1962	99 1/2	99 1/2	5 0 4	5 0 4	100 3/4	74 3/4	16 c	Barclays		82 1/2	83 1/2	3 85	...
96 7/8	93 1/4	Exchequer 3%	1962-63	94 1/2	95 1/2	4 18 9	4 18 9	80 1/2	58 7/16	13 c	Lloyds		61 1/2	61 1/2	3 54	...
101 1/2	98 3/4	Treasury 5 1/2%	1962	99 3/4	99 3/4	5 3 5	5 3 5	26 1/4	18 7/16	8 b	Martins		21 1/2	21 1/2	3 53	...
99 1/2	90 1/4	Exchequer 2 1/2%	1963-64	90 3/4	90 3/4	5 3 6	5 3 6	94 1/2	67 3/4	19 c	Midland		80 1/2	81 1/2	3 61	...
99 1/2	96 3/4	Conversion 4 1/2%	1963	97 3/4	97 3/4	4 4 9	4 4 9	97 3/4	73 1/2	7 b	Nat Provincial		77 1/2	79 1/2	3 52	...
98 3/4	94 1/2	Conversion 4 1/2%	1964	95 3/4	95 3/4	4 7 9	4 7 9	95 3/4	58 1/2	7 1/2 b	Westminster B		73 3/4	76 1/2	3 80	...
101 1/2	96 1/2	Exchequer 5 1/2%	1966	96 1/2	96 1/2	5 0 4	5 0 4	44 1/2	35 1/2	8 b	Australia & N.Z. Ltd		37 1/2	36 1/2	3 53	...
83 1/2	78 1/2	Funding 3%	1959-69	78 1/2	78 1/2	5 6 6	5 6 6	6 13 0	52 1/2	43 1/2	Bk. of Montreal		43 1/2	41 1/2	4 79	...
89 1/2	84 1/2	Funding 4%	1960-70	84 1/2	84 1/2	5 18 6	5 18 6	5 12 4	42 1/2	42 1/2	Bank of New S. Wales		26 1/2	26 1/2	5 43	...
79 1/2	74 1/2	Savings Bonds 3%	1960-70	75 1/2	75 1/2	5 5 6	5 5 6	6 13 1/2	42 1/2	42 1/2	Barclays D.C.O.		34 1/2	30 3/4	6 02	...
84 1/2	80 3/4	Savings Bonds 2 1/2%	1964-67	82 1/2	81 1/2	5 7 8	5 7 8	6 9 11	44 1/2	44 1/2	Chartered		51 1/2	50 3/4	5 91	...
72 1/2	66 1/2	Savings Bonds 3%	1965-75	67 1/2	68 1/2	5 1 1	5 1 1	6 11 8	44 1/2	44 1/2	Hongk'g & Shang		41 1/2	41 1/2	4 11	...
83 1/2	78 1/2	Funding 3%	1966-68	80 1/2	80 1/2	5 6 0	5 6 0	6 13 1/2	42 1/2	42 1/2	Nat. Com. Bk. Scot.		51 1/2	49 1/2	3 32	...
97 1/2	92 1/2	Victory 4%	1920-76	93 1/2	93 1/2	3 9 5	3 9 5	70 1/2	49 1/2	9 b	Royal Bk. Canada		42 1/2	42 1/2	2 99	...
85 1/2	80 1/2	Conversion 5 1/2%	1969	81 1/2	81 1/2	5 3 9	5 3 9	6 14 8	42 1/2	42 1/2	Royal Bk. of Scotland		99 1/2	97 1/2	3 90	...
93 1/2	87 1/2	Conversion 5 1/2%	1971	88 1/2	88 1/2	4 11 5	4 11 5	6 14 4	42 1/2	42 1/2	Stand. Bk. S. Africa		32 1/2	32 1/2	9 23	...
95 1/2	86 1/2	Conversion 5 1/2%	1974	89 1/2	90 1/2	4 6 9	4 6 9	6 11 10	40 3/4	32 1/2	Hambros		132 1/2	132 1/2	3 40	...
73 1/2	68 1/2	Treasury 3 1/2%	1977-80	67 1/2	67 1/2	4 16 9	4 16 9	6 12 8	40 3/4	32 1/2	Schroders		77 1/2	77 1/2	1 94	...
72 1/2	65 1/2	Treasury 3 1/2%	1979-81	66 1/2	66 1/2	4 16 7	4 16 7	6 12 3	40 3/4	32 1/2	Union Discount		46 1/2	45 1/2	5 46	...
97 1/2	88 1/2	Funding 5 1/2%	1982-84	89 1/2	89 1/2	4 2 10	4 2 10	6 9 10	40 3/4	32 1/2	Bowmaker		15 1/2	15 1/2	1 14	...
59 1/2	51 1/2	Redemption 3%	1986-96	51 1/2	51 1/2	4 12 1	4 12 1	6 9 5	27 1/2	13 1/2	Lombard Banking		13 1/2	13 1/2	1 14	...
88 1/2	79 1/2	Treasury 5%	1986-89	79 1/2	79 1/2	4 6 10	4 6 10	6 12 5	27 1/2	13 1/2	Mercantile Credit		13 1/2	13 1/2	4 63	...
63 1/2	55 1/2	Funding 3 1/2%	1999-2004	56 1/2	56 1/2	4 9 0	4 9 0	6 12 4	21 1/2	13 1/2	United Domin. Tst.		135 1/2	133 1/2	3 96	...
94 1/2	81 1/2	Treasury 5 1/2%	2008-12	82 1/2	82 1/2	4 4 7	4 4 7	6 15 3	21 1/2	13 1/2						
65 1/2	56 1/2	Consols 4 1/2% after Feb. 1957		58 1/2	58 1/2	4 3 11	4 3 11	6 17 6	10 1/2	6 1/2						
59 1/2	50 1/2	War Loan 3 1/2% after 1952		53 1/2	53 1/2	4 1 11	4 1 11	6 15 3	13 1/2	11 1/2						
59 1/2	50 1/2	Conv. 3 1/2% after Apr. 1961		51 1/2	51 1/2	4 2 10	4 2 10	6 15 3	13 1/2	11 1/2						
50 1/2	43 1/2	Treasury 3% after Apr. 1966		44 1/2	44 1/2	3 9 9	3 9 9	6 10 2	26 1/2	13 1/2						
44 1/2	36 1/2	Consols 2 1/2% after Apr. 1975		38 1/2	38 1/2	3 19 9	3 19 9	6 10 2	26 1/2	13 1/2						
43 1/2	36 1/2	Treasury 2 1/2% after Apr. 1975		37 1/2	37 1/2	4 1 8	4 1 8	6 13 3	14 1/2	12 1/2						
91 1/2	85 1/2	British Electric 4 1/2%	1967-69	87 1/2	87 1/2	4 15 3	4 15 3	6 12 11	42 1/2	40 3/4						
75 1/2	70 1/2	British Electric 3%	1968-73	71 1/2	71 1/2	5 3 9	5 3 9	6 12 11	42 1/2	40 3/4						
70 1/2	64 1/2	British Electric 3%	1974-77	65 1/2	65 1/2	5 1 0	5 1 0	6 11 21	42 1/2	40 3/4						
81 1/2	74 1/2	British Electric 4 1/2%	1974-79	75 1/2	75 1/2	4 12 4	4 12 4	6 11 9	33 1/2	26 1/2						
73 1/2	67 1/2	British Electric 4 1/2%	1976-79	68 1/2	68 1/2	4 16 5	4 16 5	6 12 3	31 1/2	27 1/2						
84 1/2	78 1/2	British Gas 4%	1969-72	80 1/2	80 1/2	3 17 4	3 17 4	6 13 5	96 1/2	69 1/2						
81 1/2	76 1/2	British Gas 3 1/2%	1969-71	77 1/2	77 1/2	5 0 4	5 0 4	6 12 6	28 1/2	20 1/2						
59 1/2	51 1/2	British Gas 3%	1990-95	53 1/2	53 1/2	4 13 9	4 13 9	6 10 9	16 1/2	17 1/2						
75 1/2	71 1/2	British Transport 3%	1968-73	71 1/2	71 1/2	5 3 9	5 3 9	6 12 11	13 1/2	9 1/4						
80 1/2	74 1/2	British Transport 4%	1972-77	75 1/2	75 1/2	4 14 2	4 14 2	6 12 5	18 1/2	10 1/2						
61 1/2	54 1/2	British Transport 3%	1978-88	55 1/2	55 1/2	4 16 5	4 16 5	6 11 9	10 1/2	6 1/2						

NEW YORK PRICES AND INDICES

Prices, 1961		DOMINION AND CORPORATION STOCKS		Price, Sept. 20, 1961	Price, Sept. 27, 1961	Yield, Sept. 27, 1961
High	Low					
82 1/2	76 1/2	Australia 3 1/2%	1965-69	78 1/2	78 1/2	5 18 0
101 1/2	92 1/2	Australia 6%	1974-76	92 1/2	92 1/2	6 14 0
72 1/2	64 1/2	Ceylon 4%	1973-75	65 1/2	65 1/2	8 5 0
101 1/2	92 1/2	New Zealand 6%	1976-80	92 1/2	92 1/2	6 14 0
80 1/2	72 1/2	Rhodesia & Nyasaland 6%	1978-81	70 1/2	70 1/2	9 8 0
81 1/2	73 1/2	South Africa 3 1/2%	1965-67	75 1/2	75 1/2	8 17 0
59 1/2	53 1/2	Southern Rhodesia 4 1/2%	1987-92	53 1/2	53 1/2	8 19 0
94 1/2	85 1/2	Agricultural Mortgage 5 1/2%	1980-85	86 1/2	86 1/2	6 17 0
89 1/2	82 1/2	Birmingham 4 1/2%	1967-70	83 1/2	83 1/2	6 14 0
92 1/2	86 1/2	Bristol 5%	1971-73	87 1/2	87 1/2	6 14 0
48 1/2	41 1/2	Corporation of London 5 1/2%	1976-79	87 1/2	87 1/2	6 12 0
89 1/2	80 1/2	L.C.C. 5%	after 1920	83 1/2	83 1/2	6 18 0
89 1/2	80 1/2	L.C.C. 5%	1980-83	80 1/2	80 1/2	6 14 0
93 1/2	84 1/2	Midland 5 1/2%	1980	84 1/2	84 1/2	6 14 0

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

1961	425	Yield %	25	Yield %	50	Yield %	Govt. Bonds	Yield %
Aug. 30	71.57	2.83	33.31	4.09	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
" 13	71.76	2.83	33.12	4.92	62.44	3.11	88.39	4.04
" 20	70.53	2.88	33.09	4.92	62.12	3.16	88.59	4.02
" 27	70.00	2.90	32.90	4.95	61.47	3.18	89.22	3.96

425 Industrials—High, 72.38 (Aug. 22). Low, 60.87 (Jan. 3).
 * Ex dividend. † Tax free. ‡ Assumed average life 7 1/2 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, Sept. 20, 1961	Price, Sept. 27, 1961	Yield, Sept. 27, 1961	Cover	Prices, 1961		Last Two Dividends (a) (b) (c)		ORDINARY STOCKS		Price, Sept. 20, 1961	Price, Sept. 27, 1961	Yield, Sept. 27, 1961	Cover
High	Low									High	Low								
FOOD & TOBACCO																			
34 1/2	17 1/2	10 c	10 c	Allied Suppliers	10 1/2	17 1/2	18 1/2	5.52	2 1/2	62 1/2	43 1/2	20 a	60 b	Assoc. British Picture	5 1/2	48 1/2	48 1/2	6.25	2 1/2
15 1/2	7 3/4	10 c	12 1/2 b	Assoc. British Foods	1 1/2	50 1/2	50 1/2	1.84	2	40 1/2	26 1/2	20 a	40 b	Brit. Tel. Ind. 'A'	5 1/2	30 1/4	30 1/4	9.88	1 1/2
74 1/2	55 1/2	4 1/2	4 1/2	Bovril	12 1/2	10 1/2	57 1/2	4.16	2 1/2	51 1/2	41 1/2	16 a	14 b	Beecham Group	5 1/2	48 1/2	48 1/2	3.10	1 1/2
15 1/2	11 1/2	14 1/2 b	12 1/2 a	Brooke Bond 'B'	5 1/2	12 1/2	12 1/2	4.22	3 1/2	53 1/2	32 1/2	13 1/2 a	6 1/2 b	British Match	13 1/2	34 1/2	34 1/2	5.78	2
19 1/2	12 1/2	2 1/2 a	10 b	International Tea	5 1/2	13 1/2	13 1/2	4.48	1 1/2	28 1/2	17 1/2	6 1/2 b	4 a	British Oxygen	5 1/2	18 1/2	18 1/2	2.96	2 1/2
107 1/2	67 1/2	5 a	10 1/2 b	J. Lyons 'A'	10 1/2	67 1/2	67 1/2	4.69	1 1/2	13 1/2	8 1/2	7 b	3 b	British Ropes	5 1/2	8 1/2	8 1/2	5.71	2 1/2
35 1/2	25 1/2	9 b	5 a	Ranks	10 1/2	27 1/2	28 1/2	4.98	2	70 1/2	51 1/2	7 1/2 a	15 b	De La Rue	10 1/2	53 1/2	52 1/2	4.33	2
14 03/4	10 1/2	9 b	7 1/2 b	Spillers	5 1/2	11 1/2	11 1/2	4.44	2	30 1/2	19 1/2	6 a	14 b	Gestetner 'A'	5 1/2	38 1/2	38 1/2	2.73	2
55 1/2	43 1/2	9 b	5 a	Tate & Lyle	10 1/2	47 1/2	47 1/2	5.32	2	23 1/2	13 1/2	14 b	6 a	Unigate	5 1/2	55 1/2	55 1/2	2.73**	3 1/2
20 10 1/2	15 1/2	5 b	9	Unigate	5 1/2	15 1/2	15 1/2	4.44	2	57 1/2	47 1/2	12 b	3 a	Harrisons & Cr. Delf.	10 1/2	48 1/2	47 1/2	6.28	2 1/2
15 1/2	11 1/2	12 1/2 c	11 1/2 a	Brit. Amer. Tobac.	10 1/2	63 1/2	61 1/2	5.73	2 1/2	55 1/2	35 1/2	40 b	3 a	Hoover 'A'	5 1/2	43 1/2	43 1/2	5.20	2 1/2
71 1/2	40 1/2	5 a	15 b	Gallaher	10 1/2	41 1/2	41 1/2	4.82	2	28 1/2	19 1/2	12 1/2 b	5 a	Ilford	5 1/2	19 1/2	19 1/2	4.55	2
51 1/2	65 1/2	14 b	8 1/2 a	Imperial Tobacco	10 1/2	69 1/2	68 1/2	6.62	1 1/2	107 1/2	56 1/2	7 1/4 b	4 a	I.C.T.	10 1/2	91 1/2	91 1/2	2.45	2 1/2
INSURANCE																			
15 1/2	11 1/2	155 b	150 a	Britannic	5 1/2	12 1/2	12 1/2	3.40	...	78 1/2	45 1/2	12 1/2 c	12 1/2 c	National Canning	10 1/2	48 1/2	45 1/2	5.56	1 1/2
28 1/2	17 1/2	25 b	25 b	Commercial Union	5 1/2	63 1/2	61 1/2	3.69	...	37 1/2	29 1/2	15 b	15 b	Powder Duffryn	10 1/2	34 1/2	34 1/2	4.64	2 1/2
32 1/2	17 1/2	141 17 c	141 17 c	Equity & Law Life	8 1/2	27 1/2	27 1/2	1.05	...	30 1/2	24 1/2	15 b	5 a	Radio Rentals	5 1/2	26 1/2	26 1/2	3.72	3
88 1/2	51 10 1/2	10 a	20 b	General Accident	5 1/2	74 9 1/2	70 3 1/2	2.14	...	37 1/2	18 1/2	7 1/2 b	15 b	Rank Organisation	5 1/2	25 1/2	25 1/2	4.41	2 1/2
60 1/2	42 7 1/2	35 a	40 b	Guardian	5 1/2	51 1/2	49 1/2	2.69**	...	43 1/2	32 10 1/2	16 1/2 b	7 1/2 a	Schweppes	5 1/2	34 1/2	35 1/2	3.43	1 1/2
146 1/2	100 1/2	80 a	110 b	Legal & General	5 1/2	31 1/2	33 1/2	1.43	...	39 1/2	27 1/2	20 c	25 c	Sears 'A'	5 1/2	31 8 1/2	32 1/2	3.91	2 1/2
272 1/2	156 3/2	120 b	112 b	Northern & Empl.	10 1/2	129 1/2	127 1/2	3.46	...	28 1/2	21 1/2	8 1/2 a	11 1/2 b	Thomas Tilling	4 1/2	22 6 1/2	22 6 1/2	3.56	2
49 1/2	38 10 1/2	118 1/2 c	120 1/2 c	Prudential 'A'	4 1/2	22 1/2	21 1/2	3.13	...	166 1/2	130 1/2	9 1/2 a	12 c	Turner & Newall	10 1/2	61 6 1/2	60 3/2	3.98	2 1/2
129 3/2	103 6 1/2	111 1/2 a	71 1/2 a	Royal	5 1/2	41 3 1/2	42 9 1/2	3.51**	...	115 1/2	8 1/2	8 a	13 b	Unilever N.V.	12 1/2	37 1/2	37 1/2	2.61	3 1/2
				Royal Exchange	10 1/2	103 6 1/2	100 9 1/2	—	...	22 1/2	16 1/2	10 b	5 a	United Glass	5 1/2	16 1/2	16 1/2	4.62	2 1/2
MOTORS & AIRCRAFT																			
18 10 1/2	13 1/2	12 1/2 b	7 1/2 a	British Motor	5 1/2	13 8 1/2	13 1/2	7.41	2 1/2	42 1/2	31 1/2	6 1/2 c	13 1/2 b	Brit. & Com'wealth	10 1/2	37 11 1/2	37 1/2	5.33	2
98 3/2	66 1/2	20 c	20 c	Jaguar Cars	5 1/2	80 1/2	80 3/2	1.24	7 1/2	26 1/2	13 1/2	8 a	6 c	Cunard	10 1/2	16 4 1/2	15 1 1/2	7.93	1 1/2
108 1/2	61 10 1/2	12 c	8 1/2 b	Rolls-Royce	10 1/2	44 7 1/2	44 1/2	5.00	2 1/2	54 1/2	35 1/2	17 c	7 c	France Fenwick	10 1/2	20 7 1/2	20 7 1/2	6.78	1 1/2
88 1/2	52 3 1/2	15 b	7 1/2 a	Rootes Motors 'A'	4 1/2	6 1/2	6 1/2	7.53	5 1/2	42 1/2	27 1/2	10 b	7 1/2 b	Furness Withy	10 1/2	35 1/2	35 1/2	7.44	1 1/2
101 1/2	79 1/2	15 c	20 c	A.C.V.	10 1/2	74 1/2	72 1/2	4.42**	2 1/2	48 1/2	34 10 1/2	3 c	8 b	P & O Delf.	10 1/2	36 7 1/2	36 10 1/2	5.96	1
18 1/2	14 1/2	3 1/2 a	9 b	Leyland Motors	10 1/2	88 1/2	87 1/2	4.57	...	17 1/2	12 1/2	2 1/2 c	2 1/2 c	Readorn Smith	10 1/2	13 1/2	14 1/2	1.79	...
33 1/2	28 1 1/2	10 a	5 b	Bristol Aeroplane	10 1/2	16 1 1/2	15 7 1/2	8.00	2 1/2	25 1/2	13 7 1/2	8 c	5 c	Royal Mail	10 1/2	13 10 1/2	14 1/2	7.01	...
41 1/2	31 1/2	14 a	15 1/2 b	Pawker Siddeley	10 1/2	29 7 1/2	28 6 1/2	7.44**	1 1/2	74 10 1/2	54 6 1/2	6 a	10 b	Colvilles	10 1/2	55 7 1/2	53 4 1/2	5.99	4 1/2
72 10 1/2	52 1/2	11 1/2 a	2 1/2 a	Dowdy Group	10 1/2	34 1/2	34 1/2	4.51	2 1/2	43 7 1/2	26 10 1/2	6 1/2 b	3 1/2 a	Dorman Long	10 1/2	29 7 1/2	28 10 1/2	6.93	2 1/2
33 1/2	19 3/2	9 a	21 b	Dunlop Rubber	10 1/2	25 10 1/2	26 3/2	6.03	2	49 10 1/2	31 9 1/2	7 1/2 b	3 1/2 a	Lancashire Steel	10 1/2	32 10 1/2	32 9 1/2	6.72	2 1/2
46 3/2	30 1/2	15 c	12 1/2 c	Joseph Lucas	10 1/2	52 6 1/2	52 9 1/2	5.21	3	42 1/2	27 1/2	8 a	4 c	South Durham	10 1/2	28 1/2	27 10 1/2	8.61	2
				Pressed Steel	5 1/2	19 1/2	18 1/2	8.00	1 1/2	57 4 1/2	40 10 1/2	15 c	5 a	Steel Co. of Wales	10 1/2	34 1 1/2	33 10 1/2	7.38	2 1/2
				Triplex Holdings	10 1/2	30 3/2	30 3/2	4.13	2	68 7 1/2	43 1 1/2	9 b	6 b	Stewarts & Lloyds	10 1/2	44 1/2	43 4 1/2	6.92	3 1/2
MINES																			
169 1/2	110 1/2	40 a	50 b	Anglo-American	10 1/2	123 1 1/2	121 10 1/2	7.38	1 1/2	68 7 1/2	38 1/2	12 b	4 8 a	John Summers	10 1/2	47 7 1/2	46 11 1/2	5.50	2 1/2
67 3/2	43 1/2	18 1/2 a	6 1/2 a	Consolid. Gold Fields	10 1/2	49 3/2	50 1/2	10.00	2	63 6 1/2	46 1/2	8 1/2 b	6 1/2 a	United Steel	10 1/2	45 4 1/2	44 1 1/2	6.78**	3
108 1/2	72 1/2	15 a	20 b	General Mining	10 1/2	78 9 1/2	80 1/2	8.75	2	70 1/2	47 1/2	17 1/2 b	7 1/2 a	Whitehead	10 1/2	47 6 1/2	47 1/2	6.38	3 1/2
68 1/2	40 1/2	40 a	120 b	Iron Corporation	2 1/2	46 1/2	46 3/2	8.65	3	42 1/2	28 1 1/2	5 a	7 1/2 b	English Sewing Cotton	10 1/2	28 1 1/2	27 4 1/2	9.13	1 1/2
25 3/2	15 3/2	40 a	40 b	Daggafontein	5 1/2	17 1/2	16 1/2	24.24	1 1/2	47 1/2	32 1 1/2	14 a	5 1/2 b	Fin Spinnery	10 1/2	23 4 1/2	22 10 1/2	13.11	2
125 1/2	73 7/2	70 a	100 b	Free State Geduld	5 1/2	81 3/2	80 10 1/2	10.38	1 1/2	70 1/2	47 1/2	17 1/2 b	7 1/2 a	Lancashire Cotton	10 1/2	51 1/2	48 1/2	10.42	1 1/2
54 3/2	37 1/2	25 a	25 a	Harbeestfontein	5 1/2	51 10 1/2	51 10 1/2	10.60	1 1/2	47 1/2	32 1 1/2	14 a	5 1/2 b	Courtaulds	10 1/2	33 4 1/2	32 1 1/2	6.23	1 1/2
64 6 1/2	41 10 1/2	50 a	60 b	Panganya Cont.	5 1/2	51 1 1/2	51 1 1/2	8.98	1 1/2	26 1/2	15 1/2	13 1/2 b	13 1/2 a	Illingworth Morris	4 1/2	5 10 1/2	5 10 1/2	9.08	1 1/2
28 1/2	15 1/2	8 1/2 a	8 1/2 a	Winkelhaak	10 1/2	18 9 1/2	18 9 1/2	—	8 1/2	74 6 1/2	62 1/2	13 b	8 a	West Riding Worsted	10 1/2	73 3/2	74 3/2	5.66	2
73 3/2	55 1/2	36 1/2 b	23 1/2 a	Chartered	15 1/2	58 3 1/2	57 3 1/2	13.10	2	37 1/2	26 1/2	7 1/2 b	2 1/2 a	Woodcombers	10 1/2	27 6 1/2	28 6 1/2	7.02	2
65 1/2	51 3/2	60 b	20 a	Rhod. Anglo-Amer.	10 1/2	52 6 1/2	52 6 1/2	15.24	2	16 1/2	11 1/2	7 1/2 b	3 1/2 a	Bradford Dyers	10 1/2	16 1/2	16 1/2	7.44	1 1/2
11 7 1/2	8 1/2	10 1/2 b	4 1/2 a	Rhod. Selection Tst.	5 1/2	8 7 1/2	8 7 1/2	14.74	...	16 1/2	11 1/2	7 1/2 b	3 1/2 a	Calico Printers	10 1/2	12 7 1/2	12 7 1/2	7.92**	3 1/2
6 1/2	4 10 1/2	10 1/2 b	4 1/2 a	Roan Antelope	10 1/2	19 1/2	19 1/2	9.48	1 1/2	55 10 1/2	38 1/2	...	...	Coats, Patons & B.	10 1/2	43 1/2	41 10 1/2	5.97**	2
309 1/2	18 1/2	22 1/2 b	15 a	Tanganyika Cont.	5 1/2	65 1/2	64 9 1/2	1.82	...	13 7 1/2	9 10 1/2	3 a	10 b	Jute Industries	10 1/2	10 3/2	10 3/2	12.68	3
159 4 1/2	110 1/2	150 b	100 a	Consolidated Zinc	10 1/2	132 6 1/2	131 3/2	9.52	1 1/2	35 3/2	27 1 1/2	10 c	10 c	Tootal	10 1/2	27 4 1/2	27 1 1/2	7.37	1
\$159	\$104	\$1 50 c	\$1 50 c	De Beers Delf. Reg.	5 1/2	\$146 1/4	\$146 1/4	1.82	...	70 1/2	52 1/2	12 1/2 a	25 b	Alliance Trust	5 1/2	64 1/2	63 1/2	2.98	1 1/2
18 1/2	10 1/2	6 1/2 a	22 1 1/2 b	Internat. Nickel	n.p.v.	\$146 1/4	\$146 1/4	8.55**	1 1/2	50 10 1/2	42 1/2	12 1/2 b	12 1/2 b	B.E.T. & Delf.	5 1/2	69 1/2	69 1/2	5.53	1 1/2
45 1/2	30 1/2	20 c	27 1/2 c	London Tin	10 1/2	16 11 1/2	16 11 1/2	7.86	1 1/2	20 1/2	12 7 1/2	10 c	10 c	Cable & Wireless	5 1/2	17 1/2	16 3/2	3.08	1 1/2
88 6 1/2	35 1/2	105 c	40 a	Rio Tinto	10 1/2	33 1 1/2	33 1 1/2	7.72	...	65 9 1/2	47 1/2	20 c	23 1/2 a	City Centre Props.	5 1/2	55 6 1/2	56 1/2	2.26**	3 1/2
				Tronoh	10 1/2	62 6 1/2	68 1/2	7.72	...	36 1/2	22 3/2	2 a	4 b	City Lond. Real Prop.	10 1/2	72 6 1/2	71 6 1/2	3.08	1
										38 3/2	26 1/2	12 1/2 c	3 1/2 a	Hudson's Bay	10 1/2	86 3/2	86 3/2	3.73	1 1/2
PETROLEUM																			
6 1/2	41 9 1/2	18 1/2 b	13 1/2 a	British Petroleum	10 1/2	43 1/2	42 9 1/2	8.91	2 1/2	36 1/2	22 3/2	2 a	4 b	Land Securities	10 1/2	30 1/2	30 1/2	2.00	1
49 6 1/2	37 1/2	12 1/2 a	16 1/2 b	Burmah Oil	10 1/2	34 1/2	34 3/2	8.94	1 1/2	70									

Money and Exchanges

EXCHEQUER RETURNS

For the week ended September 23, 1961, there was an "above-line" deficit (after allowing for sinking funds) of £5,885,000 compared with a deficit of £55,663,000 in the previous week and a deficit of £29,289,000 in the corresponding period of last year. There was a net credit "below-line" of £4,057,000 leaving a total cumulative deficit to date of £531,150,000 compared with £553,893,000 in 1960-61.

£'000	Estimate 1961-62	April 1, 1960, to Sept. 24, 1960	April 1, 1961, to Sept. 23, 1961	Week ended Sept. 24, 1960	Week ended Sept. 23, 1961
Ordinary Revenue					
Income Tax	2,728,500	647,572	753,275	22,388	21,764
Surplus	210,000	35,100	41,700	1,000	1,100
Death Duties	240,000	107,100	128,700	3,500	5,400
Stamps	94,000	42,500	49,900	1,600	1,700
Profits tax, EPT and EPL	325,500	137,100	171,700	8,700	15,600
Other Inland Rev. Duties	...	50	...	...	...
Total Inland Rev.	3,598,000	969,422	1,145,275	37,188	45,564
Customs	1,550,000	703,844	768,718	26,973	29,732
Excise	960,000	449,500	450,540	5,560	5,035
Total Customs and Excise	2,510,000	1,153,344	1,219,168	32,533	34,767
Motor Duties	155,000	26,477	31,154	...	584
PO (Net Receipts)	40,000	10,600	14,200	...	3,000
Broadcast Lic.	205,000	33,154	53,435	2,357	2,346
Miscellaneous	...	...	...	...	...
Total	6,508,000	2,246,432	2,530,122	72,078	86,261
Ordinary Expenditure					
Debt Interest	660,000	330,956	393,144	6,400	6,953
Payments to N. Ireland Exch.	92,000	36,648	37,821	...	...
PO Fund—Initial settlement	15,000	...	...	...	...
Other Consolidated Funds	8,000	3,876	4,024	7	13
Supply Services	5,186,902	2,199,030	2,356,338	94,280	84,920
Total	5,961,902	2,570,510	2,791,327	100,687	91,886
Sinking Funds	40,000	18,570	19,672	680	260
Total	6,001,902	2,589,080	2,811,000	101,367	92,146
Surplus or Deficit	342,648	279,877	29,289	5,885	5,885
Below-line "Net Expenditure"	211,245	251,273	137	4,057	4,057
Total Surplus or Deficit	553,893	531,150	29,152	1,828	1,828
Net receipts from:					
Tax Reserve Certificates	115,180	92,521	2,529	158	158
Savings Certificates	35,500	12,600	300	...	...
Defence Bonds	53,714	18,389	2,027	...	...
Premium Savings Bonds	28,640	19,800	1,200	...	...
Total	233,034	118,110	6,056	41	41

* 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	Public Debt	Bank of England	Total Floating Debt
1960					
Sept. 24	3,510.0	2,022.7	204.5	...	5,737.2
1961					
June 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	216.8	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	229.4	...	5,354.8
.. 9	3,240.0	1,886.4	221.4	...	5,347.9
.. 16	3,240.0	1,905.2	229.5	...	5,374.7
.. 23	3,220.0	1,928.7	228.3	...	5,377.0

THE MONEY MARKET

NOTWITHSTANDING the recent improvement in its bill allotments the discount market is still eager for bills in order to satisfy keen outside demand, and at last week's Treasury bill tender the syndicate of discount houses raised its common bid by a further 4d. to £98 7s. 5d. The average rate of discount fell by just over 1/8 to 6 1/2 per cent, bringing the total fall since Bank rate was raised to nearly 1/2 per cent. The syndicate's bids for the 92 and 93 day bills on offer were met in full and the market's allotment on the whole tender was about 65 per cent, compared with 59 per cent the week before. Total applications fell by £24 million to £383 million.

Credit has been plentiful in Lombard Street this week and the market has had no trouble in balancing its books, so that the authorities had no opportunity to wield the Bank rate weapon even if they had wished to do so. On four of the six working days the authorities sold bills to mop up the surplus credit and on most days the rate for day-to-day money has fallen to the clearing banks' minimum of 5 1/4 per cent by mid-day. The ease on Monday and Tuesday was in part due to the very small take-up of 92 and 93 day bills, which are unpopular maturities in the market.

MONEY RATES

LONDON	
Bank rate (from 5% 26/7/61)	5%
Discount rates:	%
60 days	6 1/4-6 1/2
3 months	6 1/4-6 1/2
6 months	6 1/4-6 1/2
Deposits:	%
(7 days' notice):	5
Banks	5-5 1/4
Discount houses	5-5 1/4
Local Authorities	7 1/2
Money:	%
Day-to-day	5 1/4-6 1/2

NEW YORK

Official Discount	%	Treasury bills:	%
rate: (from 3 1/2%, 11/8/60) 3		Sept. 18	2-262
		.. 25	2-233

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

Effective Limits	September 27	September 21	September 22	September 23	September 25	September 26	September 27
United States \$	2-78-2-82*	2-81 1/2-3	2-81 1/2-3	2-81 1/2-3	2-81 1/2-3	2-81 1/2-3	2-81 1/2-3
Canadian \$	13-622-14-027	13-83-13 1/2	13-83-13 1/2	13-83-13 1/2	13-83-13 1/2	13-83-13 1/2	13-83-13 1/2
French Fr.	11-94-12-547	12-14-14 1/2	12-13 1/2-14	12-14 1/2-15	12-14 1/2-15	12-14 1/2-15	12-14 1/2-15
Swiss Fr.	137-96	139-97 1/2	139-97 1/2	140-00	140-00	140-00	140-00
Belgian Fr.	137-96	142-05	140-02 1/2	140-02 1/2	140-02 1/2	140-02 1/2	140-02 1/2
Dutch Gld.	9-98 1/2-10-28 1/2	10-17 1/2-17 1/2	10-17 1/2-17 1/2	10-17 1/2-17 1/2	10-17 1/2-17 1/2	10-17 1/2-17 1/2	10-17 1/2-17 1/2
W. Ger. D-Mk.	11-037-11-365	11-24-24 1/2	11-24 1/2-24 1/2	11-24 1/2-24 1/2	11-24 1/2-24 1/2	11-24 1/2-24 1/2	11-24 1/2-24 1/2
Portug. Esc.	1725-1775	1745-175	1745-175	1745-175	1745-175	1745-175	1745-175
Italian Lire	14-27 1/2-14-70	14-53 1/2-14	14-53 1/2-14	14-53 1/2-14	14-53 1/2-14	14-53 1/2-14	14-53 1/2-14
Swedish Kr.	19-06 1/2-19-62	19-37 1/2-38	19-37 1/2-38	19-37 1/2-38	19-37 1/2-38	19-37 1/2-38	19-37 1/2-38
Danish Kr.	19-7 1/2-20-30 1/2	20-02 1/2-3	20-02 1/2-3	20-02 1/2-3	20-02 1/2-3	20-02 1/2-3	20-02 1/2-3
Norwegian Kr.	...	...	...	...	...	...	...
One Month Forward Rates							
United States \$	11 1/2-15 1/2c. pm	1-7c. pm	1-7c. pm	1-7c. pm	1-7c. pm	1-7c. pm	1-7c. pm
Canadian \$	11 1/2-15 1/2c. pm	1-7c. pm	1-7c. pm	1-7c. pm	1-7c. pm	1-7c. pm	1-7c. pm
French Fr.	49 1/2-51c. pm	49 1/2-51c. pm	49 1/2-51c. pm	49 1/2-51c. pm	49 1/2-51c. pm	49 1/2-51c. pm	49 1/2-51c. pm
Swiss Fr.	45-45c. pm	45-45c. pm	45-45c. pm	45-45c. pm	45-45c. pm	45-45c. pm	45-45c. pm
Belgian Fr.	5-4 1/2c. pm	5-4 1/2c. pm	5-4 1/2c. pm	5-4 1/2c. pm	5-4 1/2c. pm	5-4 1/2c. pm	5-4 1/2c. pm
Dutch Gld.	49 1/2-49 1/2c. pm	49 1/2-49 1/2c. pm	49 1/2-49 1/2c. pm	49 1/2-49 1/2c. pm	49 1/2-49 1/2c. pm	49 1/2-49 1/2c. pm	49 1/2-49 1/2c. pm
W. German D-Mk.	49 1/2-49 1/2c. pm	49 1/2-49 1/2c. pm	49 1/2-49 1/2c. pm	49 1/2-49 1/2c. pm	49 1/2-49 1/2c. pm	49 1/2-49 1/2c. pm	49 1/2-49 1/2c. pm
Three Months Forward Rates							
United States \$	21 1/2-21 1/2c. pm	21 1/2-21 1/2c. pm	21 1/2-21 1/2c. pm	21 1/2-21 1/2c. pm	21 1/2-21 1/2c. pm	21 1/2-21 1/2c. pm	21 1/2-21 1/2c. pm
Canadian \$	21 1/2-21 1/2c. pm	21 1/2-21 1/2c. pm	21 1/2-21 1/2c. pm	21 1/2-21 1/2c. pm	21 1/2-21 1/2c. pm	21 1/2-21 1/2c. pm	21 1/2-21 1/2c. pm
French Fr.	15 1/2-15 1/2c. pm	15 1/2-15 1/2c. pm	15 1/2-15 1/2c. pm	15 1/2-15 1/2c. pm	15 1/2-15 1/2c. pm	15 1/2-15 1/2c. pm	15 1/2-15 1/2c. pm
Swiss Fr.	14-13 1/2c. pm	14-13 1/2c. pm	14-13 1/2c. pm	14-13 1/2c. pm	14-13 1/2c. pm	14-13 1/2c. pm	14-13 1/2c. pm
W. German D-Mk.	14-13 1/2c. pm	14-13 1/2c. pm	14-13 1/2c. pm	14-13 1/2c. pm	14-13 1/2c. pm	14-13 1/2c. pm	14-13 1/2c. pm
Gold Price at Fixing							
Price (s. d. per fine oz.)	250/2 1/4	250/11 1/4	...	250/1	250/2 1/4	250/2	250/2
(\$)	35-17 1/2	35-17 1/2	...	35-18	35-18 1/2	35-18 1/2	35-18 1/2

BANK OF ENGLAND RETURNS

(£ million)	Sept. 28, 1960	Sept. 20, 1961	Sept. 27, 1961
Issue Department*			
Notes in circulation	2,216.8	2,306.7	2,303.7
Govt. debt and securities*	33.6	18.7	21.6
Other securities	0.7	0.7	0.7
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	11.7	13.7	14.6
Special deposits	149.8	232.9	232.9
Bankers	257.6	251.4	265.5
Others	66.6	69.2	71.4
Total	485.8	567.1	584.5
Securities:			
Government	445.1	515.9	517.5
Discounts and advances	5.2	30.8	43.4
Other	19.5	19.5	19.6
Total	469.8	566.1	580.6
Banking department reserve	34.5	19.5	22.5
"Proportion"	7.1	3.4	3.8

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced by £25 million to £2,325 million on September 20th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million)	Three Months' Bills	Average Rate of Allotment	Allotted at Max. Rate*
1960				
Sept. 23	91 day 270.0	456.1	109 10-25	51
1961				
June 23	260 0 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	42
.. 14	240.0	378.2	91 4-47	47
.. 21	240.0	333.3	92 5-62	46
.. 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 1/2	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
.. 15	250 0 1/2	407.0	131 10-99	59
.. 22	250.0	383.3	130 6-51	65

* On September 22nd tenders for 91 day bills at £98 7s. 5d. secured 61 per cent, higher tenders being allotted in full. The offer for this week was for £270 million 91 day bills. * Allotment cut by £10 million.

Western Europe

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

BRITISH		OVERSEAS	
Prices and Wages	Sept. 9th	External Trade	Sept. 2nd
Manpower and Output	Sept. 23rd	Industrial Profits	July 15th

Western Europe		United States		Aug. 26th	
This week	...	...	...	...	...

	Austria	Belgium	Denmark	France	Germany, FR	Greece	Ireland	Italy	Nether- lands	Norway	Sweden	Turkey	United Kingdom
INDUSTRIAL PRODUCTION (1) (1953=100)													
1948	54	90	82	76	39	52	70	62	71	73	89	69	83
1959	156	119	135	156	162	156	115	158	139	134	124	...	120
1960	169	126	142	174	179	172	122	182	157	143	134	...	127
1961, January	158	94	...	183	181	156	...	187	158	151	144	...	128
February	172	135	...	187	185	167	...	185	147	159	148	...	134
March	182	137	...	185	193	177	124	209	172	151	148	...	135
April	174	136	...	188	189	...	...	188	156	159	147	...	133
May	175	...	...	195	194	...	...	205	162	145	144	...	131
June	188	...	...	192	197	...	...	...	169	164	...	...	136 ¹⁶

APPOINTMENTS

AGRICULTURAL ECONOMISTS THE UNITED NATIONS

has two vacancies in the Secretariat of the United Nations Economic Commission for Africa, in Addis Ababa, Ethiopia, to plan, conduct and direct investigations into the problems and progress of agricultural development with special reference to African countries, and to formulate agricultural development projects.

Qualifications desired are advanced university education in economics or agricultural economics; substantial experience at governmental or inter-governmental level in handling practical economical problems in the agricultural sector, preferably in those of less developed countries; and excellent knowledge of English or French (working knowledge of the other desirable), with demonstrated ability in drafting reports.

One vacancy is at the First Officer level with a salary range of US \$7,300-US \$9,500 net, free of tax, per annum, while the other is at the Senior Officer level with a salary range of US \$8,750-US \$11,000. In addition, there is a cost of living allowance of \$2,375 for the First Officer and \$2,500 for the Senior Officer posts, net, for persons with dependants (somewhat less for single) plus dependency allowances and benefits.

In accordance with the principles of the United Nations Charter, recruitment of staff for the Secretariat is made on as wide a geographical basis as possible. Accordingly, in recruitment for the above vacancies preference shall be given to nationals of Member States which have at present disproportionately few or no nationals on the staff.

**Applications should be sent to the
Personnel Officer,
Economic Commission for Africa,
P.O. Box 3001, Addis Ababa.**

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For other appointments
see page 1301

AUSTRALIA

THE UNIVERSITY OF NEW SOUTH WALES
NEWCASTLE UNIVERSITY COLLEGE

SENIOR LECTURER OR LECTURER
DEPARTMENT OF ECONOMICS

The University of New South Wales invites applications for appointment to the position of Senior Lecturer or Lecturer in Economics at the Newcastle University College.

The Department of Economics offers part-time and full-time courses to undergraduates in the divisions of Arts and Commerce. In 1961 about 210 undergraduates are taking courses in economics, and there are a number of candidates preparing for higher degrees.

Applicants for appointment as Senior Lecturer should have a higher degree and lecturing or research experience. Appointment as Lecturer is open to applicants with a good honours degree. Special interest in economic statistics would be particularly valuable.

Salary: Senior Lecturer £A2,599 range £A3,049 per annum.

Lecturer £A1,779 range £A2,484 per annum.

Commencing salary will be determined by qualifications and experience.

The successful applicant will be eligible, subject to passing a medical examination, to contribute to the State Superannuation Fund. First-class fares to Sydney of appointee and his family will be paid.

Four copies of applications, with the names of three referees, should be lodged with the Agent General for New South Wales, 56 Strand, London, W.C.2, and a copy forwarded by air-mail to the Appointments Section, Box 1, Post Office, Kensington, New South Wales, to reach there before November 15, 1961.

HATFIELD COLLEGE OF TECHNOLOGY

Hatfield, Herts.
Principal: Dr. W. A. J. Chapman, M.Sc.(Eng.)

LECTURER IN BUSINESS STUDIES

Applications are invited from women Graduates for this post in the Department of Business and Social Studies. Applicants should have business and teaching experience and be able to teach for the National Diploma and Certificate in Business Studies and Shorthand and Typewriting.

Salary £1,370-£1,550. Details obtainable from the Academic Registrar.

BENSON INTERNATIONAL require a senior **ECONOMIC INTELLIGENCE OFFICER** for their Market Intelligence Department in London. Age 25/32. A good economics background and wide marketing experience—preferably in the export field—is essential, together with a lively, informed interest in international affairs and a fluent knowledge of at least one other language (preferably French). Duties will include collection and analysis of basic data; preparation of clear, concise reports on international markets, industries and branded goods; the administration of marketing and market research investigations in various parts of the world; the maintenance of up-to-date records on international advertising developments as a whole. Write, in confidence, giving details of past experience, present salary and future availability, to the General Manager, S. H. Benson International Ltd., 129 Kingsway, London, W.C.2.

GOVERNMENT SOCIAL SURVEY

The SOCIAL SURVEY DIVISION of the CENTRAL OFFICE OF INFORMATION invites applications for posts of SENIOR RESEARCH OFFICER and RESEARCH OFFICER. The Research Unit is responsible for official survey enquiries covering a wide field of social and economic problems with a variety of research methods and maintaining high technical standards. Specialists in the various fields of sampling, interviewing, coding and mechanical tabulation, but research officers have full responsibility for the design and reporting of survey work, much of which is published, and are expected to conduct such methodological research as may be required. All applicants should be qualified in one of the Social Sciences: Mathematics or Statistics, and have had research experience. Applicants for the senior posts must be able to produce reports of previous research for which they have had responsibility. The posts which are graded SENIOR RESEARCH OFFICER are unestablished, but there are regular opportunities for establishment. Salaries are £1,937 and £1,322 respectively. Write, giving details of past experience and qualifications, to the Director, Social Survey Division, Ministry of Labour, Employment and Executive Director, Atlantic House, Farringdon Street, London, E.C.4.

THE NATIONAL FEDERATION OF HOUSING SOCIETIES invites applications for the newly created posts of Deputy Director and of Development Officer for Old People's Housing. The Federation (recognised under the Housing Act 1957 as the central organisation for non-profit housing) is expanding its organisation to launch and direct a national campaign for providing both family housing and housing suitable for old people through housing associations and co-partnerships. The Deputy Director (appointment initially for three years) will be based at the Federation's offices in central London. Applicants should be of proved administrative ability but experience of housing work not essential. The Development Officer will be responsible under the Director for a three to five year campaign to promote new associations for housing the elderly and while based in London will be required to travel widely. Applicants should have some knowledge of old people's housing.

Salary for both appointments not less than £1,500 but consideration will be given to experience and qualifications. Age 35-55. Application forms can be obtained from and should be returned to, the Secretary to the Federation, 12 Suffolk Street, London, S.W.1, before October 16, 1961.

GOVERNMENT SOCIAL SURVEY

The SOCIAL SURVEY DIVISION of the CENTRAL OFFICE OF INFORMATION invites applications for the posts of ASSISTANT COMPUTING OFFICERS. The Division is responsible for official sample survey enquiries covering a wide field of social and economic problems with a variety of research methods and maintaining high technical standards. The principal duty is the analysis of survey data using both punch card equipment and an electronic computer. The qualification required is a mathematical background to at least G.C.E. "A" level or, alternatively, experience in a similar post involving a knowledge of statistical techniques. Some familiarity with computers would be an advantage, but training in programming will be given to successful applicants. The posts which are graded ASSISTANT INFORMATION OFFICER are unestablished, but there are regular opportunities for establishment. Starting salary will be fixed according to experience and qualifications and will be on a scale rising to £1,214. Write, giving age, full details of experience and qualifications, to the Manager (PE.301/PC), Ministry of Labour, Professional and Executive Register, Atlantic House, Farringdon Street, London, E.C.4.

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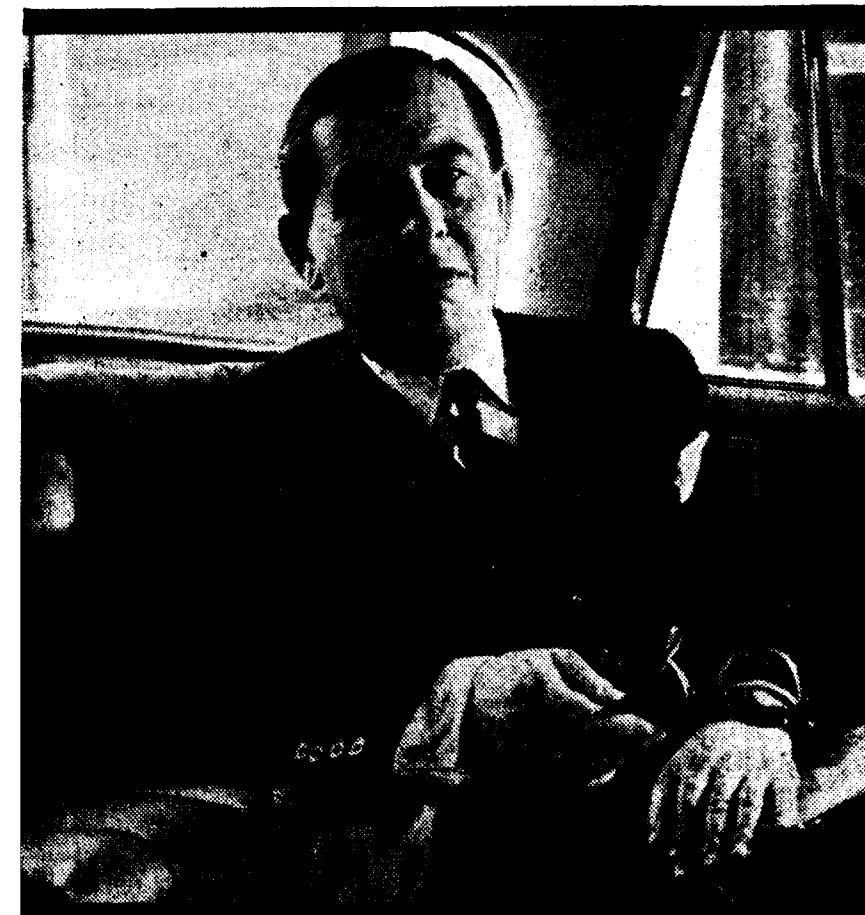
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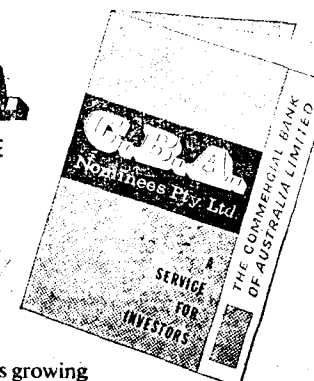
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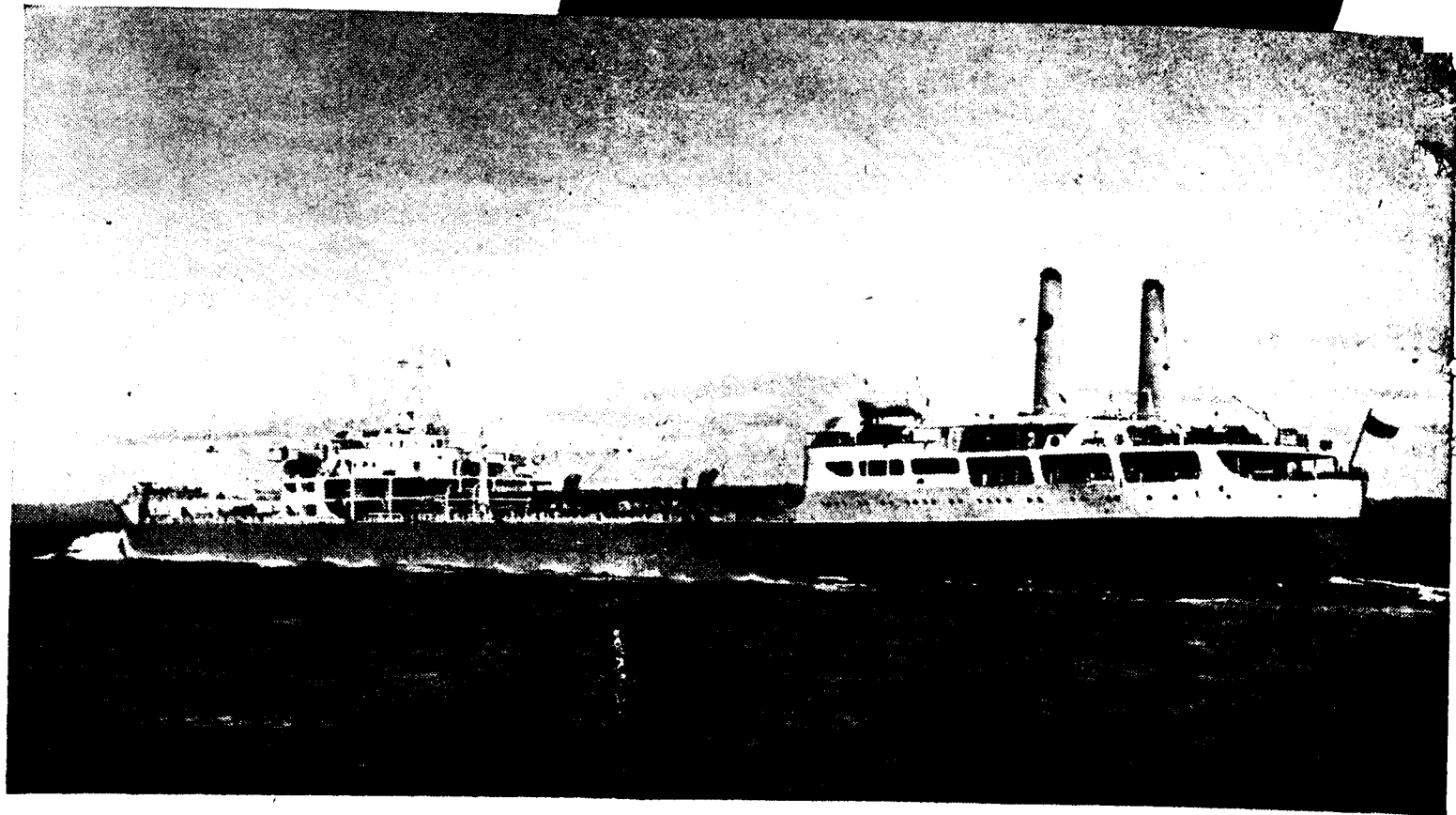
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