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PLANNING LIKE THE FRENCH?

THE COMMUNIST OPPOSITION

MEGATON MOTIVES: ARMS AND MEN

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INTERNATIONAL

THE BOMB BLOCKS

Camps and Contests

Mr Khrushchev's latest big blast has raised the level of anger, as well as that of other kinds of fall-out, throughout the world. But if his chief motive was a wish to demonstrate his nuclear resolution to his own communist opposition, while he goes on negotiating with the West, natural indignation should not make the Nato powers spurn the chance of a settlement with him (p. 316).

The evidence of continuing dissensions within the once-monolithic communist block, provided by events at the Soviet party congress, reinforces this point (p. 319). *Russia's not-so-little,* not-so-local difficulties with Albania are discussed on pp. 326-8.

Mr Kennedy's support for attempts to use *atomic bomb energy* peacefully, and his reluctance to resume bomb-tests in the atmosphere are to be applauded (p. 336); his compatriot's readiness to throw needles in the eyes of astronomy is not (p. 316).

Meanwhile the Berlin timebomb ticks louder; President de Gaulle and Dr Adenauer are not disposed to try to defuse it (p. 322).

Shades of Democracy

After Dr Verwoerd's victory in the South African elections, the one Progressive MP returned becomes the sole representative of 56,000 liberal whites and 10 million non-whites (p. 358). It would be magnanimous of the South African government to permit Chief Luthuli to receive his Nobel Prize in person (p. 324). The Commonwealth Relations Office must show courage if Swaziland *is to be a shop-window for democracy and not for apartheid* (p. 354).

North of the Limpopo, Sir Edgar Whitehead has promised to "fight like a tiger" for a mandate at the next general election to end racial discrimination in public places in Southern Rhodesia (p. 324).

In spite of the wish recently expressed at the polls by a majority of voters, to say good-bye to his long reign, Dr Adenauer is set for another period as west German chancellor (p. 351).

Tomorrow's Greek elections will serve to test communist strength against the westward-looking government and the democratic opposition (p. 357).

The New Jersey Republicans have a good chance to end eight years of Democratic rule (p. 342).

Imperilled Associations

President Nasser has survived the breach of the union with Syria; but he depends heavily on army loyalty as he rough-rides Egypt towards socialism (p. 320).

Belgium is having one of its periodic outbursts of ill-feeling between Flemings and Walloons (p. 352).

Cornflakes and bacon may make or mar the common market (p. 322).

The United Nations' and the Congo's futures are still obscure, and for the same reasons (p. 322).

State of the United States

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Disorderly House: Wall Street has a great deal at stake in the efforts of some members of the American Stock Exchange to put its house in order before the government does so (p. 338).

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The chemists' threat to withdraw from the health service has been treated like the teachers' strike threat—with a ministerial ultimatum (p. 323).

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DEPARTURE: ***Salt Sticks in Colombia, Salt Water in Ceylon— Both can taste good because of AMF equipment!***

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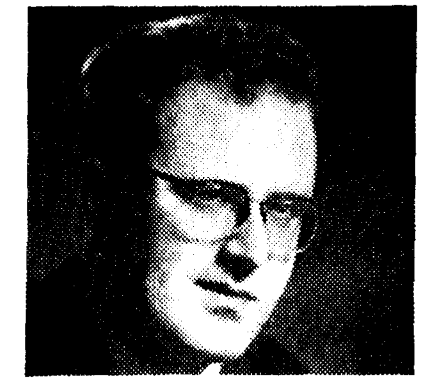
Who's Who in The Observer's new financial team



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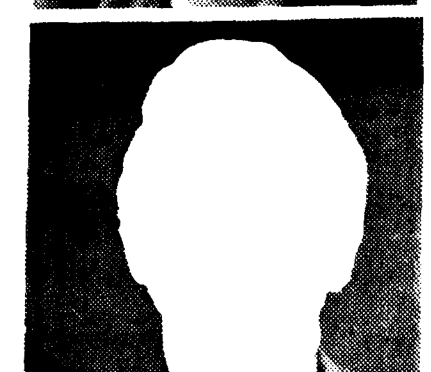

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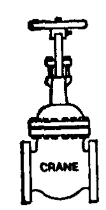

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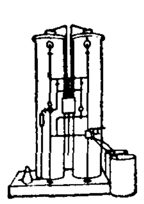

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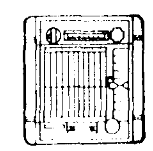

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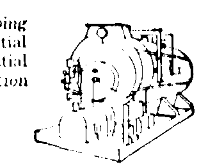

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Mitsubishi Zosen is one of Japan's largest manufacturers of engineered equipment. Sales of Clark compressors built in Japan will be handled through Nippon Clark, a Japanese trading company to be jointly owned by Dresser A.G. and Mitsubishi.

The network of companies outside the U.S.A. licensed by Dresser A.G. to manufacture various products in the Clark line of heavy-duty compressors, engines and gas turbines now numbers six, with the addition of Mitsubishi. Five licensees are located in Europe.

In conformity with the world-wide availability and service of Clark products, the compressors to be manufactured by Mitsubishi Zosen will have parts that are fully interchangeable with those of Clark compressors manufactured in the United States and under license in Great Britain, France and Italy. The units manufactured in Japan will bear a Mitsubishi-Clark nameplate.

Mitsubishi Zosen, a long established engineering, shipbuilding and manufacturing organization known for the precision and quality of its products, has global distribution of such units as land and marine prime movers, machine tools, chemical process equipment as well as iron and steel manufacturing machinery. The manufacture of world-proved Clark compressors will complement this production. Mitsubishi is also a leader in Japan's shipbuilding industry.

Clark centrifugal compressors are available in both horizontally-split case and vertically-split case designs. A third group is designed specifically for pipeline booster service. Capacities of Clark's centrifugal line range from 2,000 to more than 150,000 cubic feet per minute.

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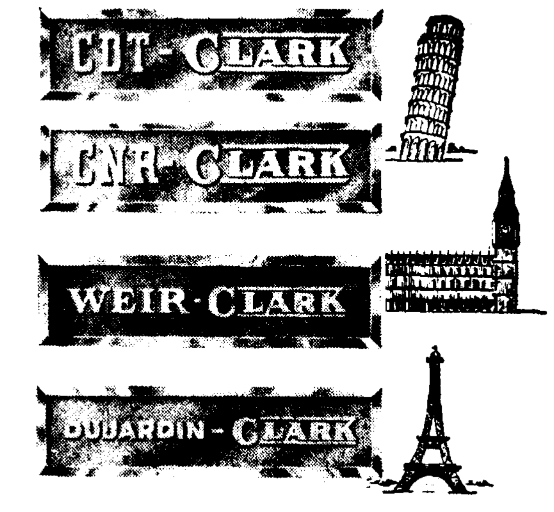
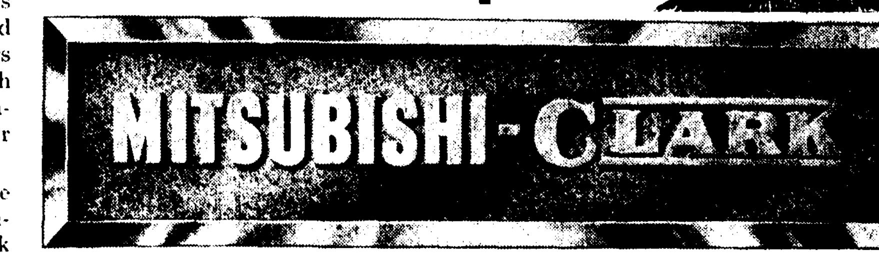


and now in Japan...



CLARK COMPRESSORS BUILT TO U.S.A. STANDARDS

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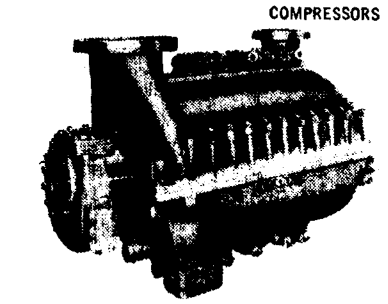

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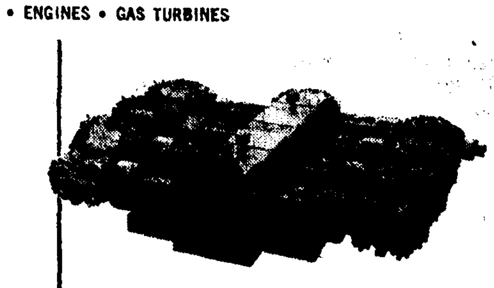

CLARK motor-driven compressors are available in two, four, six and eight cylinder sizes. These units utilize the balanced/opposed design principle for vibrationless operation. They are widely used in the refining industry and as industrial air compressors in general industry.

The Economist

OCTOBER 28, 1961

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VOLUME CCI - NUMBER 6166

Planning Like the French?

HOW far does Mr Selwyn Lloyd's draft scheme for a new National Economic Development Council (hereafter called Ned) in Britain incorporate the real lessons to be learned from planning experience in France? Or how far is everybody here in danger of misreading what those lessons are? This article is written after an intensive visit of exploration in Paris last week. It is inevitable that it should be a controversial article, for there seem to us to be some considerable dangers as well as considerable opportunities in the present state of Britain's planning debate. The problems, possibilities and (in our view) potential muddles now emerging can best be summarised under four heads.

The first head concerns the machinery required. The French machinery for planning, like Mr Lloyd's draft scheme for Ned, includes (*a*) a nominally top council (*conseil supérieur*) of employers' representatives, trade unionists, ministers and independent members; and (*b*) an "office" of economic technocrats, the *commissariat du plan.* But, at first sight, Mr Lloyd either does not seem to have grasped—or else is in danger of allowing British employers and trade unions to lead him into forgetting—that the secret of the French success is that the *conseil supérieur* has been completely dormant and powerless. Indeed, most Frenchmen probably do not even know that this *conseil supérieur* exists, although (under personal prompting from General de Gaulle) it held a series of meetings last week, and has decided to meet once every six months in future. The driving force behind France's planning machinery has resided entirely in the office of technocrats in the *commissariat du plan.*

The commissariat professes to be reasonably pleased that the *conseil supérieur* is to meet as often as once every six months in future; it hopes vaguely (presumably like Mr Lloyd) that, if inflation recurs, the union leaders and agricultural representatives on the council may lend some useful moral support to the commissariat's determination that this should be countered by restraint in incomes rather than by measures of demand deflation which would slow down production. But everybody agrees privately that if the *conseil supérieur,* with its balance of divergent and protectionist interests, tried to be the real initiator of French planning, the result would be disastrous. Fortunately for France, the *conseil supérieur* has 57 members (far too many to be effective), does not take votes at the end of its discussions, and so is only a talking shop.

Mr Lloyd's draft scheme at least pretends to British employers and union leaders that the equivalent of the *conseil supérieur* in Britain would be much more of a policy-making body; he is also seeking to keep it down to only about 20 members, in order to allow it to try to be effective. But if this conglomerated body of competing vested interests does try to be the main planmaking authority, striking a compromise on every issue, the planning simply will not work. There is therefore a certain element of lunacy in the present state of the debate in Britain, where everybody is supposing that the big question is whether the Chancellor can persuade union leaders to sit on his equivalent of the *conseil supérieur*—but where the real question is whether, once he has formed this *conseil supérieur,* he can successfully send it to sleep.

The second main question is the effect of planning on Government policy, and here again one enters a field where the hand often seems to delude the eye. Some French Treasury officials say privately that the influence even of the commissariat—of the office of economic technocrats—has been exaggerated.

"The commissariat people discussed their latest four-year plan with us for three years in advance," they will say, "and the target figure for annual expansion in industrial production that they eventually wrote into it (5½ per cent a year for 1961-65) was exactly the figure that we thought right on financial grounds." Probably the greatest triumph of the commissariat is that the French Treasury genuinely believes this, and the greatest triumph of Ned in Britain would be if it could gradually get the British Treasury to come to do the same.

The Economist had better be frank about the changes in Government policy which it would like planning to bring about. At the moment the British Treasury constantly directs its policy according to two guiding lights: its main purposes are to avoid cost inflation at home, and to maintain the strength of sterling on the international exchanges. Whenever a warning signal flashes in either field, the Government reacts by damping down internal demand and production. If Ned could get a third guiding light installed in the Treasury—a target rate for annual expansion in national production—then the Treasury would be more likely to come to tackle its other two problems in more direct, more desirable and less anti-expansionist ways. It could tackle cost inflation by sticking to the sort of national wages policy which it has at last begun to edge towards during this year's crisis. It could attract support for sterling by a bold policy of maintaining high interest rates, but could offset the anti-expansionist force of these at home by deliberately running the sort of budget deficit required to enable domestic expansion to be maintained.

The question of how Ned could best work to bring about such changes in national economic targets—how best it could get this new guiding light of an annual target rate for expansion set up in the Treasury—is a complex one. Previously this newspaper has argued that Ned would be most effective if it was tied fairly closely within the Treasury's own official family, but with the duty of publishing reports to the public about how much expansion might be attained. But last week's study in Paris of how M. Monnet and his successors have influenced the French Treasury, from outside, into believing that expansion was all its own idea, leaves one delighted with the ingenious technique of diplomacy from an outside body which these men have invented and which Ned might copy; the commissariat's willingness to withdraw or keep silent on small (and medium) matters that would have annoyed the Treasury has been as important as its readiness to be a propagandist on big ones. One should not despair of an outside body attaining some of the same sort of influence in Britain, provided the office of Ned, which will issue statistics and plans, is given a sufficient high-powered permanent staff. But if this staff is formed mainly of people on purely temporary (two or three years) secondment from outside jobs in the universities or the civil service, as Mr Lloyd has suggested, its influence will be moribund.

The third head concerns planning and industry. Many British admirers of the *commissariat du plan* believe that the real achievement of planning in France has not lain in its effect on government policy, but in the degree of detail into which discussions of industrial trends have gone with over 3,000 representatives of different industries in more than 300 industrial working parties. These enthusiasts argue that Mr Lloyd's planning scheme will fail in its main purpose if he does not manage to set up a similar network of groups in Britain.

Once again, one must enter some reservations here. Part of the services rendered by these working groups seem to be eyewash—although in the moderately useful as well as the derisory sense of that medical term. The main purpose of most of the groups is supposed to be to fix a target figure for the likely expansion of their own industry within the general framework of expansion set by the four-year plan; but, in fact, the figures arrived at are not often far out of line with the estimates that an outsider would reach by a crude guess of market possibilities without the benefit of all this work. Given that the target figure for total French expansion by 1965 is 24 per cent, what figures on either side of this total would you guess for the expansion of (*a*) the relatively undynamic industry of agriculture, (*b*) metal manufactures, (*c*) energy production, (*d*) chemical industry, (*e*) catching up the big backlog in French public works? The estimates given in the latest French plan are shown in a footnote below, and no prizes need be awarded to those readers who have reached approximately the same guesses off their cuff as the French planning groups have done after all their cogitation.*

Nor should too great an emphasis be laid on the claim that once French industrialists and trade unions have set targets for expansion in their own industries, a massive sense of united purpose produces a drive to hit them; trade union participation in some of the working groups has been less pronounced than most of the planners would like, and many of these groups seem to have been mainly enthusiastic coteries of leading industrialists with a planner as *rapporteur*. Sometimes such coteries of industrialists can lead to market-sharing arrangements and other restrictive practices which are not necessarily a good thing. Some of them have led to mergers which, in an age when concentration and take-over bids can lead to greater efficiency, sometimes are a good thing; but this largely amounts to saying that if (like France, but unlike Britain) one has not got a stock exchange system which makes economic rationalisers and takers-over like Mr Charles Clore possible, it is sometimes useful to invent a new system for establishing them. Nor should the British Government suppose that the idea of writing export targets into these individual industrial plans is a panacea; there is little evidence from French experience that these have any direct effect at all.

Nevertheless, there clearly have been some advantages in these working groups which could conceivably be repeated in Britain. In the private sector of industry some of the sleepier industrialists have been encouraged to expand after contact with more expansion-minded people in their own industry. The very fact that a target figure for expansion is laid down tends to make some boards of directors feel that it would be a confession of failure if they did not try to expand their investment and capacity sufficiently to maintain their share of the market. There has been some sharing between competitors of the fruits of market research, technical research, managerial know-how, information about investment plans in

* Agriculture 19 per cent, metal manufactures 23 per cent, energy 24 per cent, chemicals 29 per cent, public works 32 per cent.

different segments of the industry (leading to some avoidance of purely wasteful overlapping), and a certain cross-fertilisation of ideas. It can also be argued that the presence of government *rapporteurs* on these industrial working groups enables the government to get a closer view of industrial problems, in contrast to the rather stand-offish atmosphere that more often characterises Whitehall's relations with industry. (But it is a moot point whether this is a criticism of the lack of any machinery for appropriate contact in Britain, or of the different outlook on economic problems bred within industry and the civil service by the British educational system.)

On balance, one's conclusion is that it would probably be useful to introduce some elements of this side of French planning into Britain, although a constant watch should be kept to see that such working groups do not become a breeding ground of new restrictive or monopolistic practices. In this context it was noticeable in Paris last week that some French planners hope that planning may be extended on "a common market wide" scale so that "European countries should not overlap in their industrial efforts"; in some circumstances, this could become a dangerous invitation to fix up market-sharing arrangements with continental cartels, and Britain would be likely to do very badly out of it.

The fourth head for discussion is: how far has the mechanism of French planning been *dirigiste*, in the sense of deciding in which places growth should take place and of diverting resources towards them? In the nationalised sector of French industry there was certainly one important early example of this in the first Monnet plan. The first targets for expansion for French electricity production were pitched almost twice as high as anybody had previously expected: the French planners' philosophy here was that "the early stages of instilling a growth mentality are like a bayonet charge, and we chose electricity to lead it." If urgent steps are needed to lift an economy out of stagnation, there is probably something in this argument. In Britain, for example, there might well be a case now—although there was not such a case when a Tory conference called for such a policy ten years ago—for picking out a growth industry like building, and setting up a target that the country should try to advance within a recognisable period towards erecting 400,000 houses or other new buildings a year. But it is a symptom of the difference in economic language on either side of the channel that most "planners" in Britain are in fact people who are temperamentally inclined to restrict discriminatorily growth industries like building, by imposing building licences or other means.

Apart from its initial "act of faith" in electricity and some other industries, however, most French planning in the public sector has more closely accorded with the best theoretical practice in nationalised industries here. Nowadays, the French concentrate on carrying out whichever public investment ventures seem to be most profitable at some notional (but fairly high) rate of interest. But there is evidence that the existence of a national plan enables this policy to be followed more consistently than here—that it gives more power to the elbow of those parts of the public sector where investment is plainly most economic. Certainly those in charge of France's large roadbuilding programme say that they have found it easier to secure funds for their obviously economic ventures "while working within a general investment system than we would have done as lone horsemen."

In the private sector, one's impression is that French planning today is also much less *dirigiste* than many outsiders suggest. It is made to look *dirigiste* because France has always had a much less efficient capital market than Britain and, to get investment funds on what the British industry would regard as commercial terms, French capital issues generally have to secure official support. But the French authorities have praiseworthily tried to act in the same way as an intelligent private investor would do; they have channelled their funds and support to whichever investment ventures look most profitable, with remarkably little political meandering to help lame dogs over stiles.

One recent example, which is sometimes quoted as a sign that they are *dirigiste*, shows in reality how little *dirigisme* there now is. Two companies making refrigerators recently applied for permission to make bond issues to increase their production of refrigerators; as the plan suggested that more refrigerators should be bought these were agreed to, but eyebrows were raised when another company came along to join the queue at a time when the future market for refrigerators had begun to look a bit glutted: "We would not have refused permission for the issue if the company had insisted," said one French planner, "but we pointed out the market situation to it, and suggested that it withdrew." Probably, in that third case, a normal equity issue on the British market would have failed.

Such, then, is the best summary one can make of France's lessons for Britain. Perhaps the main conclusions are four. First, new planning machinery in Britain might do something to breathe a spirit of expansion into British economic policy and into the dustier halls of the Treasury. Secondly, however, the proposed top council of Ned—the twenty or so employers and trade unionists—should certainly not be given real authority over the proposed "permanent office" of Ned; Mr Lloyd's purpose in setting up the top council is presumably a hope that it might say some vaguely useful things about wages policy, but he should not sacrifice to this mirage all prospects that the permanent office of Ned might draw up effective targets and plans for expansion, which should point always to the places where it seems that growth would be most profitable instead of to those which vested interests in existing employers' organisations and existing large trade unions would most like to protect. Thirdly, the system of detailed industrial consultation in France has some lessons for Britain, but there are also dangers of breeding restrictive practices in it. Finally, there is no point in duplicating those elements of French planning which have mainly been concerned to find French substitutes for institutions (like an effective capital market) which Britain enjoys already.

Appointments, Business and Personal notices, and other Classified Advertisements: pages 382, 389 and 390

Megaton Motives

In considering the latest and biggest Russian bangs, cause and effect must be weighed equally

MR KHRUSHCHEV has shot his megatons in the air, they will come to earth he knows not where. The victim areas, and precise degree of poisonousness, of the fall-out are not the only mysteries about the 30-megaton weapon (or was it 50-megaton, after all ?) tested over Novaya Zemlya on Monday. If the explosion was really of only thirty megatons—the "only" marks the lunatic dimensions of the subject—it may have been either intentionally or unintentionally so. If intentionally, it is odd that Mr Khrushchev, whose purposes apparently require him to advertise his nuclear strength as forcefully as possible, did not publicise it beforehand; and the depressing possibility remains of another, even bigger, bang by the end of the month. If, on the other hand, Monday's explosion was an intended 50-megaton shot which just, as it were, trickled out of the end of the cannon, there is an even more depressing possibility that the errant scientists will be told to do it again and again until they get it right.

Mr Khrushchev is not likely to say whether or not this was a dud shot. There are three other questions, however, to which at least tentative answers can be given.

Fall-out effects. The extent of the offence that the Russians have perpetrated against mankind by showering it with more poisonous radiation than has ever before been released in a single explosion cannot even be guessed at until the answers are known to two questions. What kind of bomb have they built, and how many are going to be tested ? As the Prime Minister pointed out on Tuesday, the fusion reaction of an H-bomb produces no fall-out : the radioactive dust that floats down from the stratosphere gently as autumn leaves is caused exclusively by nuclear fission, the detritus of split atoms. Both reactions are required to produce a megaton explosion, but the proportions in which they are combined can be varied to produce a bomb that is, relatively speaking, "clean" or "dirty." Russian officials in London have assured Lord Russell that Monday's monster was whiter than white. Scientists will not know the truth until they have analysed the fall-out arriving in this country during the next few weeks.

Meanwhile, the Medical Research Council has made certain assumptions about the amount of fall-out that might be expected from a 50-megaton blast. Its figures have been arrived at quite simply by looking at the fall-out known to have been produced by the same number of megatons during the 1957-58 tests, which included a number of "clean" as well as "dirty" bombs. The figures suggest, as a rough guide, that one test gives no special cause for alarm : whether there is cause for alarm in the future depends on how many more of these bombs are exploded.

The sheer size of the Russian weapons has introduced a new dimension into fall-out. The only real hazard in the past has come from strontium 90, which the council expects to remain well below danger levels. Now scientists have to contend with the possibility that radioactive iodine 131 could easily build up to concentrations that were dangerous to the thyroid of babies, if not of the rest of the population. Iodine 131 has always been present in fall-out, but since its radioactivity diminishes rapidly, what little remained by the time the iodine reached the ground could safely be ignored. The quantities likely to be produced in an explosion of 30 or 50 megatons are too big to be overlooked, and the time and place at which the Russians carried out their test mean that the fall-out will descend quickly, with much of its normally short-lived radioactivity still unspent.

The Medical Research Council does not expect the amount of iodine 131 from a single 50-megaton test to exceed safe levels, but it is sufficiently worried about the prospect to have advised the government to arrange alternative milk supplies for babies under 12 months if it does. Not until next week will scientists begin to get an inkling of whether they have estimated this new hazard correctly ; and not until next spring will they know whether their comparative optimism about the danger from strontium is justified.

Military uses. The usefulness of a big warhead is that, by increasing the area of devastation, it diminishes the need for accuracy in the rocket that carries it. This may be particularly important in the case of the Russian rockets designed to destroy American missiles kept in underground emplacements, like the Minuteman and some Titans. The Russians have claimed that rockets can be made extremely accurate, and American experiments have tended to confirm that a missile can be put down within a mile or so of its target after a 5,000-mile run. Even so, it might take two or

three five-megaton warheads to guarantee the destruction of an underground emplacement. If the Russians have found that their rockets are slow in coming off the assembly line, and if a 50-megaton warhead compact enough to fit into existing rockets is successfully tested, they may have decided that the bigger bang represents an economy. The suspicion that rockets are being produced more slowly than they would like is strengthened by the fact that the Americans have recently reduced their estimate of the number of missiles the Russians have ready for firing from 200 to sixty.

On the same grounds, the big warhead might be used against prowling Polaris submarines, if their general whereabouts, but not their exact position, were known to Soviet intelligence ; the extra hull-cracking pressure produced by the bigger explosion might make the difference between a hit and a miss. Just possibly, Monday's test may also be connected with the claim made by Marshal Malinovsky the same day that "the problem of destroying missiles in flight has been successfully solved." But, as the Americans have discovered, there is a big difference between solving the theoretical problem of intercepting a missile and creating an anti-missile defence that will ward off a mass attack. Marshal Malinovsky's vague phrase is unlikely to have put Strategic Air Command's missile squadrons out of business yet.

Political motives. If Mr Khrushchev had simply weighed these apparently somewhat marginal military advantages against the propaganda disadvantages of poisoning the northern hemisphere's babies, he would probably have decided against a test of Monday's size. Some third factor must have entered into his calculations. Perhaps he hoped to frighten people in western Europe, and through them their governments, into accepting a solution of the Berlin crisis on terms they would otherwise have rejected. But this hope had been stultified even before Monday's bomb went off. Britain's nuclear disarmers had already been sitting furiously in a salon of Mr Khrushchev's London embassy ; the general, predictable, reaction was one of less, not more, willingness to negotiate about Berlin or anything else.

One other possible motive, perhaps the decisive one, remains. The chief feature of the current party congress in Moscow has been the evidence it provides of a major struggle between Mr Khrushchev and his opponents in the communist block, even within the Soviet Union, who differ with him because (among other reasons) they regard him as too ready to compromise with the West. It would not be astonishing if, in putting his case for peaceful coexistence to the congress, he felt it necessary to cover his flank against accusations of "softness on capitalism" from the Goldwaters of the communist world ; the 50-megaton bomb was a ready means of demonstrating his resolution, and all that.

If this is so, it suggests what the West's response should be. There is already enough bad temper in the world to make sensible discussion about the differences between East and West remarkably difficult ; Mr Khrushchev's latest show of devil-may-care toughness has made everyone angrier still. But if one of his purposes was to enable himself to keep the door to negotiation open, by outmanœuvring opponents on his own side who would have preferred to slam it shut in favour of a "policy of strength" pure and simple, it would be silly of the West to do the intransigents' job for them. It remains the general lesson of the Soviet party congress (examined in the article overleaf) that Mr Khrushchev has the strength and the will to negotiate. The right attitude for the West after the multi-megaton test is the same as it was before: to be ready to negotiate within the limits set by the free world's basic interests in central Europe.

Pinprick

The shock administered to world opinion by the big Soviet test explosion has made the high-handed decision of the United States government, carried out on October 21st, to circle the world with a band of copper needles seem a mere pinprick ; still, it is a mighty irritating one to anyone with a professional interest in space. The needles, 75 pounds of fine copper hairs scattered in an orbit 2,000 miles high, are the prototype of a new, possibly interference-free, system of military radio communication. But if they work as planned, and reflect signals transmitted from earth back to receivers on the ground, astronomers fear they will work equally well in reverse and deflect back into space the light and radio signals from far galaxies which the astronomers are attempting to record and study. The experiment was modified substantially to meet furious protests of astronomers all over the world, but many remain uneasy about its consequences, especially when the needles are likely to remain in space for at least seven years and possibly even longer. It is an alarming demonstration of the ability of a small body of scientists to cause inconvenience to their colleagues generally. Some international forum to co-ordinate experiments in space seems needed if similar incidents are to be avoided in future.

Arms and Men

In an age of nuclear strategy what use would selective conscription in Britain be?

THE descent on London, Paris and Bonn this week by Mr Gilpatric, the American deputy secretary of defence, has been seized on by the advocates of a "conventional"—distinct from a nuclear—defence policy for western Europe as proof that President Kennedy is firmly on their side. Whatever Mr Gilpatric had to say to Mr Watkinson, whom he was due to meet on Friday and Saturday, he will have discovered that the British Government has still to be persuaded both of the practicality of a conventional defence system in Europe and of the desirability of a major British contribution in manpower to it. Since Mr Gilpatric's mission has coincided with the grand climacteric of the present campaign to reverse the Sandys defence policy through the re-introduction of compulsory (preferably selective) military service, it seems desirable to try to spell out briefly just what the conflict over British policy really is, and what effect the resort to selective service would have on particular military contingencies. It is necessary to remark at the outset (for any innocents who may not have grasped the point) that the debate is less relevant to the present Berlin crisis than to the current preparation of the 1962-63 defence estimates.

1. The Concept of the "Pause." The most commonly heard case for increasing Nato's conventional forces rests on the supposition that the Russians might deliberately push forward from the Elbe using conventional weapons only ; it is said that Nato's ground and air forces must be strong enough to enforce a "pause" for diplomatic reflection in Moscow, without using tactical nuclear weapons which would be likely to escalate hostilities into a global nuclear war. This argument is politically popular. Against it, British planners contend that the idea of the pause is meaningless, except as a euphemism for a Russian defeat, to which the Russians would respond, if they really meant business, by using their own nuclear weapons. This might leave the West morally pure but militarily at a disadvantage since the conventional deployment of its forces would be particularly vulnerable to tactical nuclear bombardment. A strong build-up of forces in a purely conventional posture might even invite a nuclear attack *ab initio*. The moral argument, however, is not one to be scorned. If the West pursues a policy in which nuclear war is the only alternative to pacifism—however minor the emergency—its moral position becomes untenable.

2. The European Balance. The immediate argument for giving General Norstad a greater conventional capacity is that his present forces (23 divisions—of which 17-18 are probably effective) are insufficient to stop even a limited, or accidental, foray across the border by the 18-20 Russian divisions (half of them armoured and half mechanised) in east Germany. To this it is answered that the numerical superiority of the attacker to the defender under modern conventional conditions has to be of the order of 3 to 1 at the point of attack. Thus, granted the mobility of the Nato defenders, if the Russians were to make a deliberate move they would first have to strengthen their present force in east Germany, a process which western intelligence would pick up as the extra divisions crossed the satellite countries. Once the Russians mustered a commanding superiority they would know that the West both expected deliberate aggression and would have to use nuclear weapons to stop it. Should part of the present force stumble over the border by accident it would not be too difficult to contain them. If there are any local doubts about the efficiency of the British Army of the Rhine at its present strength, the small British strategic reserve and the army emergency reserve (particularly to supplement technicians and specialist grades) could be despatched quickly in any crisis. It is certainly desirable that General Norstad should have more substantial reserves to call on; and civilians on this side of the Channel are pretty useless. Even so, standing expeditionary forces on the American and British model are expensive and probably wasteful in resources and manpower. The ideal ground force reserves—at least in the official British view—are local European troops who can live and train on the spot.

3. **The Army of 165,000-180,000.** Some advocates of selective service based their original contention (some years ago) on the improbability of the army recruiting up to its minimum level. The Ministry of Defence does not now expect recruitment to fall significantly below "the floor" of 165,000 by the target date, January 1, 1963, when the last

The Economist

OCTOBER 26, 1861

AMERICAN SURVEY

(FROM OUR SPECIAL AMERICAN CORRESPONDENT)

When I arrived from England a few days ago, after a fortnight's voyage, my knowledge of events in this country was of course a month behindhand; and as it requires pretty hard work even to keep pace with the daily current of news, it is of course still more difficult to recover a month which has been lapsed, and to sift for oneself "*the wheat from the chaff*," without the light usually derived from the knowledge and conversation of the hour. For so far, therefore, I am groping about, if not in the dark, at least in a *dim twilight*. I therefore take up my pen with considerable diffidence to give you my first impressions, and must reserve to myself liberty to modify them, if necessary, upon further knowledge hereafter. I may here state that I do not propose to fill my letters with "news" properly so called. That is well enough supplied by the daily papers. To events of any importance I shall of course refer, but my main object will be to inquire into the probable duration of a war which so seriously affects the commerce of England,—to form, if it be possible, a definite opinion on this point, and to lay it and the considerations which lead me to it before your readers. Whatever has any perceptible bearing on this point, proximate or remote, I shall consider within my province, and also anything affecting the finances, the general trade, or the chief staples of the country; but, above all, anything touching upon the great question of cotton supply.

national serviceman has left. The later contention has been that this 165,000 is a meaningless figure, chosen for political convenience, and that "the ceiling" of 180,000 is, in fact, the necessary minimum. The official answer is that 180,000 is likely to be reached by the mid-nineteen sixties, that special training schemes will increase the intake of technicians, and that savings in the supply "tail" can be made by greater inter-service co-operation. In these circumstances selective service might be useful in providing 15,000 extra men in 1963 (although regulars would be needed to train them), but thereafter would be merely a costly embarrassment.

4. **The Army of 250,000-300,000.** It is argued that a sizeable increase in British conventional forces would not only help to give greater flexibility to General Norstad in western Europe but also increase the British political voice within the alliance which is now being lost to the west Germans with their 10-12 divisions in being or in formation. Clearly, selective service would be needed if large conventional forces of this kind were to become (over British objections) the accepted Nato policy. This would entail both the disruption of the present British regular army and vast new expenses in manpower and money. It would impose a major new strain on the British economy, and one that could not possibly be "paid for" by the small savings that might be derived by scrapping the antiquated parts of Britain's independent nuclear deterrent. Moreover, while the West as a whole could probably better afford to put more men into uniform than it now has, compared with the Soviet Union, a renewed build-up on both sides is not the best prelude to disarmament discussions.

5. **Overseas Bases.** A military argument for selective service, which has more impact behind the scenes than in the public debate, is that more men would help to sustain some of the British overseas bases which may otherwise have to be closed down to keep the British army in Germany up to strength. It is much more likely, however, that some bases (Kenya, Singapore) will have to be shut down anyway for political reasons. In any event, long-range air-sea commando forces seem a more effective police system than stationary garrisons. The prospect of a heavy British military commitment in, say, south-east Asia would naturally be a different matter.

THE political unpopularity, on both sides of the Commons, of reintroducing any form of compulsory military service is, on all present evidence, likely to be the decisive factor in determining the Government's mind. It should not be. But, equally, the concept of an increased conventional defence of western Europe, while attractive in appearance, may not necessarily be a substantial improvement on the existing Nato deterrent to aggression. The contingency in which increased conventional strength would be desirable would be if the West felt that it might have to fight for west Berlin itself in a limited operation on the access routes, or if it planned a riposte against some part of the German Democratic Republic which might compensate, in some sense, for a Russian and east German seizure of the western sectors of the city. It is this feeling, now becoming more vocal in Washington, that ends in calculations of the vast potential the West could put in the field for conventional war—if it accepted the permanent military burden that the Soviet Union does. But any western conventional thrust would still have to pay as much respect to the Russian ability to retaliate with tactical nuclear weapons as Nato now expects the Red Army to do in planning a conventional punch of its own towards the west.

The Communist Opposition

Historians may record this week's congress in Moscow as marking the end of the Soviet block's "monolithic" period

IT might have been a family reunion to celebrate the bright future, all the skeletons being firmly shut away in the cupboard. But it has turned out a much more controversial affair, at which at least some of the lurking family quarrels were brought into the open. Mr Khrushchev's new twenty-year programme was to be the main dish for the 22nd congress of the Soviet communist party. But his picture of future power and prosperity was overshadowed not only by the Berlin crisis and Russia's nuclear explosions, but also by the two major disputes that he himself suddenly unveiled in the new Kremlin hall. One is international: the Sino-Soviet controversy about policy towards the West, a controversy in which the Albanian quarrel merely serves as a pretext. The second is internal, and though the fresh denunciations of the "anti-party" group have mostly been worded in the past tense, they are clearly in the present, also. Indeed, the two controversies are twin aspects of the same big dispute over the shape and direction of the communist movement after Stalin.

When, last December, after 22 days of hard bargaining, the 81 communist parties of the world finally managed to agree on a common declaration, it was possible to argue that the communist eagle had two heads, with a tongue each. Such an argument, however, had to be based on guesswork and was hotly denied by both Moscow and Peking with protestations of absolute and eternal unity. Now, the division is plain for all to see. Mr Khrushchev's strictures on Albanian "stalinism" met with a prompt complaint from Mr Chou En-lai that "to disclose a dispute between fraternal parties in the face of the enemy cannot be regarded as a serious marxist-leninist attitude." On Monday, Mr Chou flew back to Peking, probably to consult Mao Tse-tung on how far the breach is to be allowed to widen.

While Albania provided a touchstone of international alignments (its own leaders' reactions are discussed on page 326), all the important Soviet speakers felt it necessary to attack the "anti-party group" at home. The official version of the critical conflict of June, 1957, is now more detailed, though hardly altered. It claims that Mr Khrushchev's opponents had tried to sabotage various reforms carried out since Stalin's death, but that they chose as their common platform resistance to his managerial reform. Mr Molotov launched the attack, and Mr Khrushchev was outvoted by at least 7 to 4 in the party presidium (of the then full members, only Mr Kirichenko, Mr Mikoyan and Mr Suslov are not mentioned among his opponents). He then turned the tables on them by transferring the struggle into the much larger central committee. At that moment, Marshal Zhukov, by throwing the army's weight into the scales, must have played a crucial part. Four months later, Mr Khrushchev got rid of this dangerous ally; Marshal Zhukov is now accused of Bonapartist ambitions.

Even in this official version, it is obvious that in 1957 Mr Khrushchev was faced with a broad coalition. Mr Malenkov had been previously accused of making too many concessions to the Russian consumer, and of arguing that nuclear war would spell the doom of the whole world, not merely of its capitalist half; he cannot be seriously identified with such stalinist die-hards as Mr Molotov or Mr Kaganovich. Although it suits the present accusers to lump the sins of the defeated opposition together, it is interesting to see whom each of them singles out as his favourite target. Mr Mikoyan, concerning himself mainly with international relations, concentrated his fire on Mr Molotov, whom he charged with too little faith in communist growth and strength, leading him to deny the possibility of avoiding war, with opposition to more flexible policies, contempt for Mr Khrushchev's travelling diplomacy, and preference for the cold war. Mr Mikoyan implied that even now Mr Molotov's views remained unchanged; and Mr Satyukov, editor of *Pravda*, told the congress on Wednesday that, just before it opened, Mr Molotov had written to the central committee criticising the new programme as "revisionist."

The protégés whom Mr Khrushchev has promoted tended to emphasise the "anti-party" group's opposition to reforms at home and its complicity in Stalin's crimes. Messrs. Molotov and Kaganovich, Voroshilov and Malenkov are accused of having resisted the rehabilitation of Tukhachevsky and other marshals who had been victims of Stalin's pre-war purges (all this sounds as if a new attempt was being made to enlist the army's support against somebody). In general, the defeated leaders' opposition to the revelation of past injustices is attributed to the natural apprehensions of men who had been Stalin's accomplices. Mr Malenkov, for instance, is now held responsible for the memorable purges in Leningrad and

Byelorussia back in the nineteen-thirties.

Was Mr Khrushchev, then—once the pupil and protégé of Kaganovich—the only innocent man among Stalin's underlings? Complicity in the crimes of the fallen idol is a tricky charge to revive in Soviet Russia. Even Mr Khrushchev's *present lieutenants are not young enough to have clean hands. The new generation, which entered active politics only after Stalin's death, will have to come to the fore before the whole* truth can be told, and the charge-sheet read without a tremor.

MR KHRUSHCHEV must know how double-edged is the weapon he has brandished against his defeated rivals. If he has, nevertheless, brandished it, the reason must be that some of their opinions still find an echo both in Russia and in other communist states. In regard to foreign affairs, the evidence is plain. The Molotov position, as described by Mr Mikoyan, sounds almost as if lifted from the Peking *People's Daily*. (As if to emphasise that the Chinese distaste for negotiations with the United States has not diminished, Mr Chou repeated, in his speech to the congress, the Chinese argument that President Kennedy is worse than his predecessor.) Among the Soviet people, the Khrushchev doctrine of co-existence is certainly more popular than Mr Molotov's rigidity, but Soviet officials may be critical of Mr Khrushchev's failure to get results. Indeed, it may be supposed that the latest multi-megaton bangs and Marshal Malinovsky's claims of Russia's superior military power (including anti-missile missiles) were largely meant to silence such critics and to show them that, if Mr Khrushchev is still trying to solve the German question by negotiation, he has no intention of negotiating from weakness.

On the home front, too, there are many controversies. One concerns the volume and direction of investment. Mr Khrushchev's decentralisation of management has, apparently, led to abuses. The strain on Soviet resources was heightened this year by the heavier defence burden. An investment pause has now officially been decreed for a year. Another dispute centres on the seemingly theoretical question whether Russia is still in the stage of "dictatorship of the proletariat." Mr Khrushchev, who claims that it is not, accuses his critics of wanting to retain the term as an excuse for repressive measures; but it is possible that some of them have merely wanted to call a spade a spade, and have demanded a speedier transformation of the regime so as to end the dictatorship

in more than name. Some of the criticisms of his programme had a "Malenkov" ring; there have been demands for more consumer goods soon and for more momentum in the housing drive. And the biggest pressure from below was for greater equality in wages.

ONCE again, as in 1957, Mr Khrushchev gives the impression of a man standing in the middle of the road, dodging dangerous drivers on either side. But the immediate question is what he will do with his rivals who are down but not quite out. The advice given to him is contradictory. Mr Mikoyan insists on the "ideological" nature of the struggle, thus implicitly opposing summary "administrative" punishments. Many of Mr Khrushchev's lieutenants, however, are clamouring for the victims' expulsion from the party and, by cataloguing their alleged crimes, are preparing the way for trials. Mr Khrushchev's decision will partly depend on his estimate of the strength of his defeated opponents' following; partly on the immediate course of the Sino-Soviet conflict. If the Soviet leader can preserve his own position without resorting to trials, he will no doubt prefer to do so. The mood of Soviet society has changed greatly even since 1956; in February of that year, Mr Khrushchev had to deliver his indictment of Stalin in secret session: now, this indictment is displayed as one of his principal claims to fame and popularity.

Marshal Voroshilov's election to the presidium of the congress only a few days before it became the scene of his humiliation, and Mr Chou En-lai's hurried trip to Peking, suggest that both the dramatic controversies in the Kremlin hall contained elements of surprise. Other surprises may follow. Yet, even if Mr Khrushchev were to emerge in the end as the undisputed master of a united communist movement, his would be something of a pyrrhic victory. Stalin could afford to be consistent. He cowed his own people into silence and turned the Comintern into a ventriloquist's dummy. Mr Khrushchev, as behoves a ruler in a transitional period, is a man of half-measures. He has tolerated controversy within his own party, hoping to limit it to the chosen few; and he has then been compelled to accept controversy within the communist international, even though he hoped to be able to keep this quite separate from Russia's internal debates. Given the impossibility of a return to stalinism, the persistence of controversy is going to have to be accepted. Historians may see the 22nd congress as the evident end of the communist monolith.

Nasser Changes Windmills

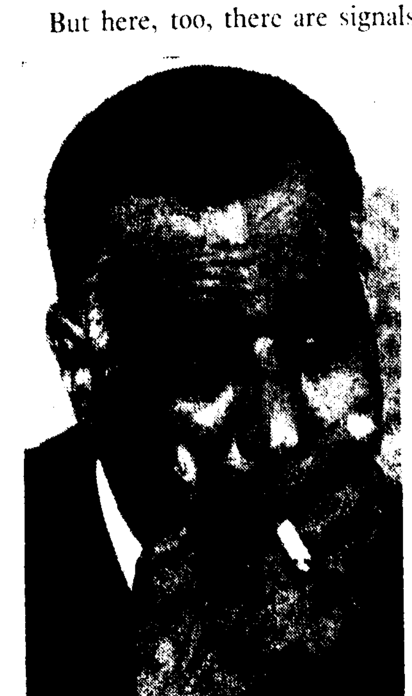
With Syria lost, President Nasser has quickened the pace of change in Egypt

PRESIDENT NASSER has described in "The Philosophy of the Revolution" his conceit of a heroic role wandering in search of a hero, who is found at last in Egypt. The heroic figure—who, to be fair, was appointed by many beside himself—may now be pursuing a more confined, but possibly more rewarding, part. When that amateur show, the United Arab Republic, ended its run, President Nasser's strangely candid friend, Mr Hassanein Heikal, wrote in the newspaper he edits that "hero personality" can never become the foundation for Arab union. Nothing, said Mr Heikal, united Egypt and Syria save the personality and popularity of President Nasser; this, he soberly commented, was not enough. In confessional mood, the Egyptians are forestalling much criticism; seldom have dust and ashes been scattered in Egypt with such precision.

Shortly before the Syrian revolt, President Nasser had cast himself in two different but not unconnected parts. He was

co-starring as one of the more responsible leaders of uncommitted world opinion and, in a virtuoso solo performance, he was engaged in tipping the United Arab Republic over the brink of practical socialism. Although the president has emerged from the Syrian debacle with considerable personal honour, his voice in world affairs will have been severely diminished by the incontestable fact that he was unable to hold together the state of his own construction. When, in the past, domestic progress ground into the intractable sand, President Nasser would yield to the temptation of more rewarding avenues beyond his own frontiers. Now, this would probably be too risky an extravagance; Egyptian public opinion, impatient over the whole Syrian operation and increasingly isolationist, would hardly be appeased by any international posturing, however stout-hearted. The fences at home had to be strengthened first.

But here, too, there are signals of danger. In July, President Nasser embarked on a massive programme of nationalisation and socialisation, applied indiscriminately to Egypt and to Syria. A series of presidential decrees gave the then government a controlling interest in almost all business concerns except for retail trade, sliced the size of the maximum permitted land-holding in half, and limited the amount of money anybody could earn or receive from dividends. Although it was these decrees that precipitated the revolt in Syria, it is impossible, acrobatically, for President Nasser to pause in the middle of this heroic leap towards socialism. Instead, in Egypt, he has quickened the pace and brutalised the means. The problem with which he is faced is that the business and landowning classes, who objected to the laws in Syria, object to them no less violently in Egypt.



Studying a new part: President Nasser

IN his broadcast on October 16th, blaming Syria's defection on his own softheartedness towards "reactionaries," he had, therefore, a double object: on the one hand, he wanted to discredit the new Syrian regime as a bunch of rich opportunists; on the other, to prepare the way for tough action against Egypt's propertied classes. Dreaming of a merciful revolution, he said his government had made the mistake of "reconciliation with reaction." He admitted that the UAR had tilted its spears against the windmills of imperialist pacts and bases when, in fact, "imperialism had already changed its place and had hidden in palaces and in the safes of millionaires." (With this unusually sophisticated admission he relinquishes, temporarily, a good old propaganda stand-by.) The foundation on which the Egyptian revolution is built should, he claimed, be broadened by better publicity, by overhauling the civil service and the political machinery, and by indoctrination at all levels of society—but of a society that "has no room for millionaires." A few days later, the minister of the interior, Mr Mohieddin, announced the names of 40 "reactionaries" who had been arrested to insulate them from "any foolishness"; he also announced the names of 167 capitalists who had had their property expropriated by the government.

EGYPT is not a country in which the arrest of political discontents causes much surprise, nor is it usually publicised. Reports circulating in Beirut and Damascus suggest that, quite apart from the publicised pounce on "millionaires," there has been a much wider and more significant purge, possibly of army officers. Mr Mohieddin allowed no more than that one former officer and two former politicians (all three of whom had been in custody some years ago) had been re-arrested. But the flamboyance of these arrests and of the seizure of private property point to a much rougher road towards Arab socialism than was indicated by the sophisticated, if jumbled, principles laid down three months ago.

Probably all Egyptians who have something to lose are deeply suspicious of President Nasser's socialist leap. The plunge in July was taken precipitately and the results are confused, but even with the most careful preparation it would have been against nature to expect the better-off Egyptians to welcome a measure that was bound to hurt them. The question is whether the government, in justifying its ends with such rough means, is not once again tilting its force against windmills. Are the Egyptian upper and upper middle classes really so formidable that they need to be flung into disarray by arrest and expropriation? As also in Syria, civilian victims of socialism, however dismayed or hostile, can, in fact, do mighty little to dislodge the regime without the whole-hearted co-operation of a substantial group in the armed forces.

And so any assessment of President Nasser's strength on his own home ground boggles before the difficulty of making any useful speculation on just how loyal to its president the Egyptian army still is. There are one or two pointers: the rumours, and they are no more than rumours, of arrests, and President Nasser's still mysterious decision to withdraw the UAR contingent from Kuwait. Just possibly, one of the reasons behind the president's decision may have been his unwillingness to think of his officers communing so closely with Saudis, Kuwaitis and, particularly, Jordanians. But there are other, perhaps more tangible, reasons for believing that there may be elements in the Egyptian army who are not altogether happy at the way things are going. At this stage in the revolution, many of the officers or former officers are dug into good jobs at the head of banks or business firms. They themselves have become members of the ruling class, and as such their revolutionary fervour may have lost some of whatever edge it once had. Armies are not as a general rule a crusading force for socialism. Then again, there may be younger officers frustrated by the usual grouse that cabinet shuffles seldom produce new names. All this is circumstantial and speculative; what can hardly be in doubt is that the army's loyalty will decide whether or not President Nasser emerges a hero from this new, and tougher, ride towards Egyptian socialism.

NOTES OF THE WEEK

EAST-WEST

Continental Block

PRESIDENT KENNEDY has had a forbidding post this week. On Monday he received a letter from President de Gaulle; on Tuesday another from Dr Adenauer. Both seemed to reaffirm the determination of the French and west German governments to contribute nothing to any negotiation on Berlin. General de Gaulle, for his part, evidently takes the view that the clash between Moscow and Peking makes it unnecessary for the West to budge; the French do not regard themselves as bound by the exploratory exchanges between Mr Rusk and Mr Gromyko. Dr Adenauer, as our Bonn correspondent reports on page 351, has opposed all the suggestions for compromise that have been put forward. President Kennedy's recent soundings by letter, and Sir Evelyn Shuckburgh's visits to Paris and Bonn, have yielded no positive results.

There may therefore be some vigorous talk when Dr Adenauer visits Washington next month. During the uncertain phase of German domestic politics it has been President de Gaulle who has borne the brunt of the stand against negotiations; now, with Dr Adenauer evidently set for another spell as chancellor, the old inflexible German view has re-emerged. Yet it is clear enough that Mr Khrushchev, in postponing his peace treaty with east Germany, has acted on the definite understanding that the United States and Britain are prepared to talk. It would be courting big trouble to break faith with Mr Khrushchev in this matter. Voices are being raised in America to ask how far allies can be allowed to veto American policy, when the United States, after all, must take the ultimate decision for peace or war.

Meanwhile the situation in Berlin itself grows worse. The wall is becoming more elaborate; shots across the frontier are frequent. General Clay, after giving the Germans a first unpleasant dose of "realism," when he first arrived, has been cheering them by a demonstration of American determination to preserve the four-power status of Berlin. He and other American officials have been crossing the border regularly, and doggedly refusing to show their papers to east German officials (though to make identification possible they cross in clearly marked cars). On Sunday, and again on Wednesday, passengers who had been stopped were given a military police escort through the check-point, with the further backing of a show of force (including tanks) on the boundary. This game has ended in yet another formal dispute, which the American and Soviet commandants have tried, and failed, to settle between themselves.

EUROPE

Three Decisions for Six

CORNFLAKES and bacon have rarely decided the fate of nations, but they may make or mar that of the European Community. When on Wednesday the Council of Ministers of the Six discussed proposals from the Commission on cereals and pigmeat, they were entering a critical phase in the community's internal debates. With the west German elections past, the time has now come for Bonn to honour its promise to the French to do something to implement the common market in agriculture. This week's meeting did not get far. Major decisions may not be made until just before the end of the year. But there is no mistaking the French determination to make German concessions a condition of further progress in the common market as a whole.

The council made a friendly gesture to Britain by deciding that, when the British start negotiations with the Six, Britain should take a turn in the chair after Germany and France. But the importance of the gesture should not be over-estimated. The free trade area talks showed that British chairmanship does not guarantee success. Indeed, it is becoming increasingly apparent that, as far as negotiating procedure is concerned, Britain's first interest is that a formula should be found that helps the Six to agree on a single point of view. Delays caused by differences between them could be a serious source of trouble.

The six ministers also agreed on a formula for negotiations with the Turks on association with the common market, and on a lukewarm reply to the Irish application for membership. They have invited the Irish to further exploratory talks in January. Ostensibly, the reason for this postponement is the fear that Ireland may be too poor to stand up to the full blast of competition. But this notion was effectively squashed in the meeting when the Germans pointed out that national income per head in Ireland was higher than in Italy.

In fact, the economic argument masks the reluctance of the French and Italians to admit a country which is not a member of Nato. If the European community were merely a coalition of military allies, the argument would carry weight. But, as it is designed to be something more organic and more permanent, the doubts lose much of their force. The qualities required for membership of the common market are loyalty to its aims and co-operation in constructing European unity. These qualities Ireland has.

CONGO

A Taste of Gall

SOMBRELY, United Nations Day was observed on Tuesday by a world whose ears were ringing from Mr Khrushchev's big blast, and by an organisation in travail. Twice on that day the UN was reminded how it must now live from hand to mouth. The Assembly's budgetary committee, faced with the imminent exhaustion of the funds for the Congo operation, authorised the secretariat to carry on until the end of December. The Russians, who once again combined a demand for strong UN action in the Congo with a refusal to help pay for it, found themselves once again completely

Tshombe with gendarmerie

isolated in opposing the resolution; but the longer-term financial problem remains unsolved. Meanwhile the secretariat announced its conditional approval of the cease-fire terms that Mr Khiari had negotiated with Mr Tshombe's regime in Katanga.

This was the first substantial decision of a political nature taken in the secretariat since Mr Hammarskjöld's death six weeks ago. It was taken, in effect, by the officials who had made up his informal working group in Congo matters: Dr Bunche, Mr Narasimhan, Mr Cordier, Brigadier Rikhye, Mr Gardiner (the Ghanaian UN official who had served as one of the conciliation envoys in the Congo), and Sir Alexander MacFarquhar, the chief adviser on civilian operations. Several members of the mainly Afro-Asian advisory committee on the Congo were known to feel—as does the Congo government—that the cease-fire terms conceded too much to Mr Tshombe; and there will be inevitable repercussions.

But this endorsement of the terms was part of the price Mr Tshombe demanded for the return of the 190 Irish UN soldiers who had been trapped at Jadotville in September. To free these men, the UN has been prepared to turn a blind eye on the many violations of the cease-fire that Mr Tshombe's troops have already committed.

His demands that Leopoldville should recognise Katanga's independence as a precondition of negotiation have led to yet another deadlock in his dealings with the Congo government, which now proposes to ask the Security Council to give the UN force a clearer mandate. The vacuum created by Mr Hammarskjöld's death makes it the more urgently necessary that the force should be given authoritative guidance. Twice in the past week there were clashes between the government's troops and Mr Tshombe's. The legality of the UN force's action in Elisabethville on September 13th seems to have gained belated recognition; a noteworthy opinion in support of it has been given in a broadcast by Professor Jennings, Whewell Professor of International Law at Cambridge. But vindication for past actions is of little use to the UN's representatives in the Congo if they can get no clear direction from headquarters about the future.

WAGES DEBATE

Largely About Us

MONDAY'S debate in the Commons on arbitration ran along the expected tramlines. All six Labour speeches accused the Government of breaking contracts. Four of the seven Conservative speeches referred to articles in *The Economist* with approval. But the real interest centred on the Chancellor's speech. Quoting *The Economist* for the view that Britain's present procedures of negotiation and arbitration can be "built-in producers of inflation," he first blew hot ("I am determined that a new approach to these matters should be made") and then cold ("the Government alone cannot solve this problem"). But he agreed that the Government will "certainly have to consider with both sides of industry whether there should be some sort of guiding light" about the general level of wage increases that the country can afford; and added that "there is no great difficulty, perhaps, in arriving at a view on the likely rate in the growth of national productivity, but there are many practical problems to be worked out in regard to personal incomes."

He cited one "practical problem" about a national wages policy that is certainly paramount—"how does one secure that answers in principle are translated into action?"—and four "practical problems" that do not really exist. He thought dolefully that hard thought would have to be given in a national wages policy about how to secure (a) proper relativities among wage and salary earners, (b) the most effective deployment of manpower, and (c and d) fair play for workers in industries where productivity cannot easily be measured, or where individual productivity is bound to increase more slowly than the national average. But the essence of an economic wages policy should be that workers in industries where there is an above-average demand for new labour should then succeed in getting wage increases above the average increase in national productivity, and workers in industries where new labour is not needed should get a below-average increase. All of the Chancellor's last four "practical problems" would then come out in the wash. The problem of moving towards a "guiding light" policy for wages is difficult enough in all conscience, but it is a pity to make it more difficult by puzzling over problems that free market forces working within such a policy would rub out. The same applies to some other ministers' obvious worry that "if wages increases are to be kept down to the level made possible by increasing productivity, then we must take special measures to keep down profits too."

POLIOMYELITIS

Hull and the Vaccine

THE polio outbreak in Hull has coincided with the publication in last week's *British Medical Journal* of an official report on a trial of the Sabin vaccine and with the Ministry of Health's decision eventually to substitute this vaccine for the Salk vaccine in routine immunisation. Thanks largely to the Salk vaccine, the number of cases of polio in Britain has fallen from over 6,000 in 1955 to below 400 last year. But this reduction has not been followed by the progressive elimination of the polio virus from the community.

A taste of honey

Virtually the whole of the population would have to undergo the full course of immunisation with the Salk vaccine before sporadic epidemics, such as have now occurred in Hull and other northern towns, would be prevented.

Since the Sabin vaccine is given by mouth in the form of sweets or syrup, it will be far preferable to the population at large —particularly grown-ups, who can decide for themselves—than four, and perhaps more, Salk injections. Doubt about the safety of the vaccine, which contains a live, weakened virus instead of the killed virus of the Salk vaccine, has now been dispelled by last week's report and, even more, by the fact that it has been extensively and safely used in other countries. But the overwhelming advantage of the Sabin vaccine over the Salk is that besides stimulating the formation of antibodies in the blood, it produces an immunity in the gut. People vaccinated with Salk, though immune to the disease themselves, can still carry the virus in their gut. Through the Sabin vaccine it is hoped to break the chain of infection, by making the gut resistant to colonisation by the virus, and the complete eradication of the disease is thus a foreseeable possibility.

It is this property—the ability to protect the community as well as the individual—that makes the Sabin vaccine the vaccine of choice in combating an epidemic. The only doubt, so far as the Hull outbreak is concerned, is whether the vaccine given ought not to be of the same type of polio virus as the one that is causing the disease. Of the three types of virus, type I is the most prevalent and is responsible for the Hull outbreak. But type II Sabin vaccine, which is being used, has the advantage of producing gut immunity most speedily and, temporarily at least, prevents colonisation by type I. When it is given for routine immunisation, the vaccine will contain all three types of virus and three doses will be given.

CHEMISTS

Pill for Chemists

MR POWELL has countered the chemists' threat to withdraw from the health service if their demands for higher fees were not met by laying down his own revised fees, to take effect from November 1st. At present, chemists are paid the wholesale cost of the ingredients of the drug supplied, plus an on-cost allowance of 25 per cent for overhead expenses and profit, plus an allowance for containers (just over three-halfpence for each prescription) and a dispensing fee averaging 1s. 2½d. a prescription.

It is this last payment that has brought matters to a head. The chemists asked for an increase to 2s. and wanted it to be called a professional fee, whereas the Ministry of Health regards as one entity the chemist's remuneration from his business as a retailer of drugs and from his professional skill in dispensing them. Since chemists' total net earnings have gone up by 50 per cent since 1957, according to the Ministry, because their expenses have not risen so fast as the cost of ingredients to which the on-cost allowance is directly related, Mr Powell is now reducing that allowance, a reduction that will more than offset the small increase (2½d.) he is proposing in the dispensing fee. The taxpayer will, in fact, be saved £1½ million a year. The new allowance will be on a sliding scale, depending on the number of prescriptions dispensed. For the first 500 prescriptions the allowance will remain at 25 per cent, so that the new scale will be to the advantage of small chemists.

Chemists as a whole will still be 14 per cent better off, under the new terms of remuneration, than they were in 1957, and it is difficult to swallow the whole of their case for a high professional fee now that so much of their dispensing consists of putting the right number of pills into containers and writing the doctor's instructions on the label. Moreover, prescriptions dispensed for the health service are said to account for little more than a quarter of the total turnover of retail chemists. The contents of the average chemist's shop, with its mixture of cosmetics, hair brushes and soap, weaken the chemists' case to be considered more of a profession than a trade. Were they to persist in their threat to withdraw from the public service, they would be unlikely to win public sympathy.

ALGERIA

Race against Violence

Bomb and dove, concession and show of strength: the double-barrelled approach is in fashion, and not only in east-west politics. In Algeria, too, the new leader of the rebels' provisional government, M. ben Khedda, who succeeded the more moderate M. Ferhat Abbas in August, seems to be combining force and flexibility in a systematic way. Last week there were massive but pacific demonstrations by Algerians in Paris; more are planned in both France and Algeria on November 1st, the anniversary of the start of the rebellion. Yet M. ben Khedda, as he made plain in a statement in Tunis on Tuesday, still seeks to renew negotiations with General de Gaulle.

Some of the suggestions in his statement on Tuesday were hardly calculated to please the French. Independence, which, he pointed out, General de Gaulle had after all conceded in principle, meant for the Moslems the territorial integrity of Algeria, including the Sahara. He proposed a quick agreement on independence and a ceasefire first, and only afterwards negotiations on

Without much discrimination

co-operation with France and guarantees for Europeans in Algeria—the crucial French demands.

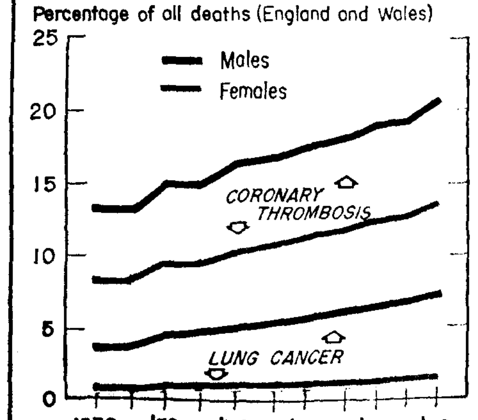
Nevertheless, the clear public expression of a willingness to talk is encouraging; so is the offer of guarantees for the European settlers. Some observers in France feel that the negotiation of safeguards for the lives and property of the settlers is the crux of General de Gaulle's struggle with the French extremists in Algeria. There is thus some prospect of a resumption of negotiations. But President de Gaulle, like M. ben Khedda, is combining the desire to talk with the mailed fist. The unarmed Algerians who demonstrated in Paris last week were treated by the French police with a severity the extent of which is only now becoming known. Beatings-up in the provisional encampments where they were herded apparently disgusted even some policemen. Corpses have been found floating in the Seine. Tunisians, Moroccans, Algerians were rounded up, apparently without much discrimination, in the Moslem quarters of Paris. The demonstrations on November 1st could easily lead to a new clash. Now that the violence in Algeria is infecting France itself, the peacemakers have not much time left.

CAUSES OF DEATH

The steady increase in deaths from coronary thrombosis in England and Wales over the last ten years is in part due to more accurate, or more fashionable, diagnosis, and to some extent has been offset by a fall in deaths attributed to other forms of heart disease. Coronary thrombosis is more prevalent in this country than in any other European country, but less prevalent than in America.

In 1950, deaths from tuberculosis (16,000) outnumbered those from lung cancer by four to three. Last year tuberculosis deaths had fallen below 4,000, less than a fifth of lung cancer deaths.

Percentage of all deaths (England and Wales)



SOUTH AFRICA

Nobel Savage

In the words of Mr Albert J. Luthuli, deposed chief and banned leader of the banned African National Congress, this is the history of South Africa:

> Who will deny that thirty years of my life have been spent knocking in vain, patiently, moderately and modestly at a closed and barred door? What have been the fruits of moderation? The past thirty years have seen the greatest number of laws restricting our rights and progress until today we have reached the stage where we have almost no rights at all.

It is because Mr Luthuli has steadfastly resisted the easy next step in such a situation, the step towards violence, that he has been awarded the Nobel Peace Prize for 1960. A devout Christian, a socialist "of the British type," a passionate believer in non-violence, Mr Luthuli's moment of international recognition has come—and, let it be noted, from Europe itself. The moment, it seems, may coincide with another: less patient South Africans are thinking of immoderately crashing the door down.

When that happens, Mr Luthuli's sympathies may well lie at least partly with the whites; even with those among them who still regard him as an agitator among the savages. For Mr Luthuli has already said that he does not hate the white man, whose position of domination has put him in a position of moral weakness: "We must sympathise with him." A government that has only just won a resounding electoral victory (it is described on page 358) may see the moral strength of magnanimity; it should allow Mr Luthuli to travel abroad to collect his prize.

SOUTHERN RHODESIA

Righter than Right

"The essence of tragedy," said Mr Maudling in the Commons on October 19th, "is not a conflict between right and wrong, but a conflict between right and right." The annual congresses of Southern Rhodesia's two main political parties have, in this sense, brought forth such an essence. The congress of the United Federal party (Southern Rhodesia division), which ended in Salisbury three weeks ago, resolved to do right by the standards of 1953, when the federation was formed and "partnership" promised. The resolutions called on the UFP government to give highest priority to removing racial restrictions on ownership of land. It asked for the Land Husbandry Act, and African education, to be reviewed and that pay and conditions of service should be the same for everybody.

More dramatically, it said that after the next general election (1962) the government should bar racial discrimination in cinemas, hotels, cafés and similar public places. This resolution was carried unanimously, and Sir Edgar Whitehead, the prime minister, said he would "fight like a tiger" to get a mandate for such legislation at the general election. In an encouraging speech, Sir Edgar said that straightforward white supremacy was dead as the dodo, and that the new policy of regarding everybody as a Rhodesian was the policy he believed in. The party congress—and Sir Edgar—are to be congratulated.

Tragically, however, they are far too late.

Acting by the standards of 1961, the African National Democratic party, at its congress last week-end, resolved to boycott the next elections. They will thus forfeit the 15 seats in a house of 65 offered to Africans (for the first time) under the new constitution. But to the NDP, "we don't want to sit next to whites in cinemas, we want one man one vote." Tactically, they may be wrong in choosing to fight outside Parliament; there is, however, hope that Mr Garfield Todd's New Africa party will fill the 15 seats with NDP sympathisers for them.

MURDER

A Family Crime

The analysis of murders by the Home Office research unit (HMSO, 4s.) will doubtless be quoted to further their case by both supporters and opponents of capital punishment. The retentionists will point out that the total number of murders (including those classified as manslaughter under section 2 of the Homicide Act) has increased since the Act came into force: the annual average in the last three years was 160, compared with 143 before the Act. Further, the proportion of men with previous convictions has increased from a quarter to over a third, which on the face of it supports the argument that bad men have been encouraged to kill; half of those who committed sexual murders after the Act had had previous convictions for sexual offences.

On the other hand, the report also shows that, while the number of murders fluctuates considerably and inconsistently from year to year, the recent rise in murders has been much smaller than in other serious crimes; even over the last thirty years, the rise in murders is slight. Per million of the population the average annual number of murders was 3.2 in 1931-40 and 3.7 in 1960. Sexual murders of women, which are no longer punishable by death, have accounted for 7.1 per cent of all murders since the Homicide Act came into force; before, they accounted for 7 per cent. As regards girls under 16, over whom there has been most outcry, the report shows that the number murdered for sexual motives is tiny (only three last year). In a footnote, the report cites evidence in support of the suspicion that such murders occur in series, and are probably provoked by the publicity given to the first case.

In fact, what is made abundantly clear from the report is that murder is largely a family affair. Of the 51 child victims in 1960 (out of a total of 166 murders), nearly three-quarters were murdered by a parent or other relative; of the 71 women, over half were murdered, or suspected of being murdered, by their husbands. As the report states, if life is to be saved, a deterrent penalty is much less important "than investigating the kind of mental breakdown that leads to family murders." It is because these murders bulk so largely that nearly one-third of all murderers commit suicide immediately after their offence. The report also shows that the proportion of male murders committed for gain (a type of murder that still attracts the death penalty) has risen from 7.6 per cent before the Act to 19.6 per cent—though the actual numbers concerned are still tiny.

DOCK LABOUR

Decasualised Docks?

A MEMORANDUM distributed last week, over the signatures of the chairman of the National Association of Port Employers and of Mr Cousins for the Transport and General Workers, is the most encouraging event in the docks industry for years. It recommends that joint committees of employers and workers in ports throughout the country should consider a major advance to further decasualisation of labour in the docks.

At present over three-quarters of the 70,000 dockers in the country are not permanently employed. They are inscribed on a register, which ensures them a minimum income: but at the beginning of each day they do not know whether they will get a job that day or what firm they will be working for if they do. Not only does their income vary quite unpredictably; they also have hours of wasted time in which to sit around and brew grievances up to striking point. The casual docker's loyalties lie entirely with his fellow-workers: in this atmosphere men will enforce all sorts of uneconomic practices, such as the "carrying" of unneeded workers in a gang, refusing to operate labour-saving machinery for fear of working a mate out of a job, and so on. Most employers, too, are discouraged by the casual system from trying to engender loyalty and a spirit of co-operation, whether with pensions or with good-natured but intangible schemes such as sports clubs. Average earnings are high in the docks, but labour relations are as bad as can be.

The main advance towards decasualisation would be for employers to co-operate far more closely in forecasting their labour needs, for at least a week in advance. After all, the arrival of ships no longer depends on the trade winds. Men who are not needed for a particular week could then be selected by rota, informed in advance, and entitled to receive their fall-back pay without the demoralising business of having to turn up for calls. There is no reason why they should not take outside jobs for such weeks, provided that—in return for the privilege of fall-back pay—they agree to return to the docks when needed. Fair spreading of the burden of unemployment by rota in this way would help to remove the men's objection to decasualisation hitherto: namely that, if decasualisation were effected by each firm or group of firms signing up a larger roll of permanent employees, this would throw the risk of unemployment most heavily on the few casuals who remained.

COMMUNIST BLOCK

Defiant Albania

SINCE Mr Khrushchev openly revealed his quarrel with the Albanians on the first day of the Soviet party congress last week, neither side has shown any disposition to compromise. Day after day in their speeches to the congress, Mr Khrushchev's colleagues have added to, or embroidered upon, his original charge that the Albanian communist leaders were, in effect, defying Moscow's leadership and trying to turn the clock back. Mr Enver Hoxha and his friends have been accused among other things, of trying to sow dissension in the socialist family; of publishing only an "abbreviated and distorted version" of the Soviet party programme; of persecuting those Albanians who have been to Russia or who do not hide their pro-Soviet views; and of practically closing Albania to Soviet literature and newspapers.

The Albanians have not taken all this lying down. They at once despatched a letter to Moscow in which they flatly put upon Mr Khrushchev (disrespectfully referred to throughout as plain "Nikita Khrushchev") the responsibility for an open attack on the unity of the socialist camp. They went on to threaten to make public "by means of facts and documents" the "whole truth" about the relations between the Albanian and the Russian leaders. Mr Suslov has referred to this letter, in his speech to the party congress, as "a mixture of hypocrisy and slanderous insinuations." Inside Albania, the party's line has been made plain in a series of telegrams sent to Tirana by groups of workers and students; the eternal friendship between the Albanian and Soviet peoples is heavily underlined; Nikita Khrushchev is trying to destroy this, but he will fail "because his reach is short" and because his own people are not with him.

Mr Hoxha may or may not really believe that Mr Khrushchev is likely to be disavowed by his own party. He can take some comfort from Chou En-lai's prompt rallying to his support. Personal hostility to Mr Khrushchev, and the nagging fear that the Russian leader might contemplate a deal with Marshal Tito at Albania's expense, may also have played their part in stiffening Mr Hoxha's hostility. In any case it is now the Chinese and not the Russians to whom the Albanians look for economic and technical, as well as moral, support.

On Whose Authority?

IT is generally assumed that in directing his fire at the Albanians, Mr Khrushchev was really aiming at the Chinese. He has no doubt succeeded in getting his point across to the Chinese, but his indirect tactics have failed to avoid either what amounts to a direct clash with the Chinese or the danger of undermining the unity of the communist block.

When Stalin decided to expel Jugoslavia from the communist camp in 1948 no other member ventured to disagree. But when Mr Khrushchev now publicly denounces the Albanians, Mr Chou En-lai at once rebukes him; and of the remaining ten members of the communist block, two, North Korea and North Vietnam, have demonstrated, by their refusal to attack the Albanians at the Soviet party congress, that they side with the Chinese. What is at issue here is not only the particular sins of the Albanians (and the Chinese) but the right of the Russians to hand down judgments on the behaviour of individual members that are binding on everybody else. "We must clearly understand," said Mr Mikoyan to the Soviet congress, that only by "choosing the attitude obligatory for communist parties" can one count upon the friendship of the Soviet people and party. The question is how, and by whom, it is to be decided what the obligatory attitude is to be.

How far the Russian quarrel with the Albanians will be pushed is not yet clear. They have not been formally expelled from the Warsaw pact, although Herr Ulbricht has taken it upon himself to say that they have violated its principles. Mr Khrushchev may feel that in the circumstances he would prefer to go no further and that a little vagueness about the status of the Albanians might be no bad thing. He might, on the other hand, find himself forced to thrash the matter out in a private conclave of the twelve communist parties in the sequence of international communist meetings that must follow the congress.

TEACHERS

Schoolmasters Join the Class

THE Minister of Education has taken an obvious gamble (as well as having to eat some of his own words) in offering a place on the reconstituted Burnham committee to the National Association of Schoolmasters. The NAS has been a militant, sex-discriminatory outfit that has earned itself just over 25,000 members, few outside admirers and some useful publicity by pressing male teachers' salary grievances without regard for the policy of equal pay. Its nuisance value has not lain so much in the staggered one-day strikes it has lately held in its local strongholds as in the leap-frogging competition over the basic scale that it had earlier worked up with the militant wing of the National Union of Teachers. Part of the NUT's antics this year have been explained by their fear of losing militant members to the NAS. For this reason alone the NUT, despite its cautious reception of the news, should not be sorry to see the NAS confronted with the responsibilities of wage negotiation.

The NAS's accession to respectability raises some intriguing questions. It has promised to respect equal pay in the workings of the Burnham committee, but what it does outside will be another matter. It is possible in the short run that the NAS will continue to pick up recruits from the dissatisfied males in the NUT. The NUT will, however, retain its overall majority on the teachers' panel, and if the distinctive NAS policies fail to impress themselves on future Burnham awards there could eventually be a disillusioned swing back to the big battalions. Should the Minister now decide to take in the one sizeable teachers' organisation left out in the cold, the National Association of Head Teachers (14,000 members), the teachers' side of the new Burnham committee will at least be more representative.

FAMILY SPENDING

More on the Home

IN 1959, the average British family, in the statistical sense of 3.08 persons, spent £15 10s. a week, of which one-third went on food. In publishing some results from the small-scale family expenditure survey, which has been going on continuously since the beginning of 1957, the Ministry of Labour shows that more of the average budget in recent years has gone on the home and on transport, particularly private motoring, and less on food and clothing, since the large-scale inquiry made in 1953.

FAMILY BUDGETS IN 1959

Weekly income of household :—

	£10-£14	£20-£30	£50 or more
Number of persons	3.15	3.61	3.91
	Per cent of total household expenditure		
Housing	10.0	8.5	5.9
Fuel and light	7.7	5.0	4.4
Household durables	6.9	7.3	6.8
Transport	5.9	10.7	9.9
Food*	36.7	30.8	23.9
Clothing	8.7	11.0	11.9
Drink and tobacco*	9.5	9.8	8.3
Services	7.1	9.2	20.5
Other expenditure	7.5	7.7	8.4
Total	100.0	100.0	100.0

* As usual, people were coy about their indulgences—there was obvious under-recording of expenditure on drink, smoking, meals out, chocolates and ice-cream.

In part such trends reflect changing tastes in a society as it grows more prosperous, in part the relative shifts in prices. For instance, as the first table shows, the richer the family the smaller is the proportion of its spending that goes on housing but the larger the proportion on clothing. But average expenditures on these items did not change in these directions between 1953 and 1959 because housing has become relatively dearer and clothing relatively cheaper.

In 1953, the well-to-do spent less on TV and radio sets than those with moderate incomes; this was no longer true in 1959. Stereophonic equipment, slim-line television, the second wireless set—as well as the mechanisation of the home—were attracting much more of the middle class budget, at the expense of public entertainments and domestic service.

SOME "SPARE" SPENDING

Weekly income* of head of household

	Over £20 1953	Over £30 1959
	Weekly expenditure in shillings	
Gas and electric appliances	5 2	15 5
Domestic help	20 4	21 2
Radio, TV and musical instruments	2 3	10 8
Books, newspapers, etc.	7 6	7 9
Cinemas	1 9	1 1
Theatres and other entertainments	10 0	8 0
Total expenditure	543 4	[illegible]

* Income of main earner, as opposed to total household income in previous table.

Using the Survey

ONE of the purposes of this continuous survey, taking information from 3,000 families each year, is to keep a check on the "weighting" of the retail price index and another is to improve the estimates of consumer expenditure in the national accounting. But a lot more should come out of this survey than just household spending questions are asked about taxes, insurance, mortgages, housing, business expenses, and instalment buying. The processing of this material, which has been pitifully slow, should be speeded up now the Ministry of Labour has its own electronic computer.

From this feast of possible studies, two immediate ones suggest themselves. The first is to see whether the retail price index needs revision. There is as yet no official guidance on this, but a rough calculation suggests that if the current index were reweighted on the 1959 spending pattern, it would be revised upwards by about half a point. Secondly, the information about housing should be looked at immediately to try to see how big a shake-out has followed the 1957 rent act. It seems that a household with an income of £10-£14 a week in 1953 paid an average of 17s. a week for an unfurnished house or flat; the comparable household in 1959 might be in the £14-£20 income bracket and would then be paying 25s. 9d. in rent. At the top end of the scale, households with £30-£50 a week coming in during 1953 were paying 29s. in rent, those with higher incomes 30s. 5d.; in 1959, the corresponding rents for the same income groups were 35s. 7d. and 50s. 1d. At the lower end of the scale households with £3-£6 in 1953 paid 12s. 3d. in rent; households with £6-£8 in 1959 paid 20s. 1d. in rent. Including repairs and an imputed rent for owner-occupiers, housing was still taking less than 10 per cent of the average budget in 1959.

Bills in Prospect

The new session of Parliament, which will be opened by Her Majesty on Tuesday, will no doubt be remembered in British history for its watching brief over Britain's approach to Europe, and for the inauguration of likely experiments in British economic policy, much more than for its legislative programme. But some advance comments deserve to be made on the major pieces of legislation that appear to be in prospect for it.

THE biggest new bill—possibly a monster of 80 or more clauses—will probably be the **Transport Bill**, which will free the top railway management of administrative concern for London Transport, canals and docks, and the state-owned bus and road haulage fleets. The bill may cause some controversy inside the Tory party because some £1,200 million of railway capital is to be written off or put in a suspense account (leaving only about £800-£900 million on which interest at varying rates up to 5 per cent will still have to be paid). But perhaps its most important succour to Dr Beeching is that the Government has at last promised that the railways will be freed of the Transport Tribunal's control over fares and charges—except in and around London where officialdom clings to the mistaken belief that public transport still enjoys a position of monopoly—and from present restrictions on property development. Changes may also be made in existing safeguards for coastal shipping from competition from inland transport; these safeguards have never been very effective and it would be wise to strike them out of the statute book altogether. In general, however, the question whether railways will ever again pay their way must depend on whether the Government and Dr Beeching prove to be realistically modest when they eventually decide what shape and size of railway system a motorised Britain should afford.

Dr Hill should look closely at the new **Water Bill** Mr Brooke left on his desk. It is designed to inject a measure of rational order, and some economies of scale, into the medley of unco-ordinated private and public enterprise that provides Britain's present system of water supply. To put responsibility for flood and drought prevention into the same hands appears sensible in principle; so does the idea of basing control by the new water conservation authorities upon major watersheds. But to enable water to be pumped from wet to thirsty areas, there should be provision for effective ministerial co-ordination of the new authorities. The boards of the new authorities should be executive rather than representative, and their financial powers ought to be made a good deal stronger than those that Mr Brooke was considering earlier this year.

THE deplorable **Immigration Bill**, which will restrict Commonwealth immigrants except when they can show that "they have a job waiting for them or are needed," may not be mentioned in the Queen's Speech. But as this legislation is coming, let it be as liberal as possible. First, all skilled workers from the Commonwealth should be allowed into Britain automatically, for the economy of the country needs every skilled worker it can get. Secondly, there should be a provision for the free entry of at least some unskilled workers—i.e. there should not be a complete bar even for those who have not lined up jobs with short-staffed industries (such as hospitals and London Transport) from Jamaica, but a mobile curtain for free immigrants that moves up and down with the state of demand for labour. As Southern Irish labourers will manage to come here anyway, the legislation is bound to be colour-bar-discriminatory in practice; if unnecessary restrictions are imposed on white immigrants in a hypocritical attempt to pretend that it isn't, these will not make the bill better, but worse.

The Government's first attempt at a new **Weights and Measures Bill** made such heavy weather that it was withdrawn last summer and a revised version substituted. This is expected to be reintroduced in the new session. It meets criticism on some points of detail by bringing more goods into the net—soap and cosmetics for example—but inexplicably still does not define the size of a small brandy or sherry. Some of the most objectionable features of the old bill remain, like the latitude given to marking packs with their gross rather than their net weight, which looks like an open invitation to stuff out with packing. And in cases where the new draft appears deliberately vague about the information that, say, greengrocers or fishmongers are legally obliged to give their customers, it actually provides shoppers, especially the timid ones, with rather less protection than the old bill.

Mr Marples's **Road Traffic Bill** foundered in the Lords last session, but it is worth persevering with it. The original bill stiffened penalties for all road offences. Thus obligatory twelve-month disqualification from driving was laid down as the penalty for six first offences, and discretionary disqualification for a further 25; anybody who committed three of these lesser offences within any three-year period was to suffer an obligatory additional disqualification of six months, even if only endorsement had been imposed in the first two convictions. The provisions to deal with drunk drivers said that account could be taken by the courts of evidence obtained by breath, blood or urine tests, and of refusal to undergo such tests; it was the prolonged controversy over this clause which delayed the bill's passage, although the provisions for disqualification were much more important.

A year ago ministers indicated that the Government was considering "comprehensive legislation covering health, safety and welfare in **shops, offices, and other non-industrial premises.**" This Factory Act-type legislation—laying down the number of cloakrooms and so on that employers of white collar workers must provide—may be introduced this year, because the Government probably wishes to overtake a rather untidy private member's Offices Act of 1960 which would otherwise come into operation in June of 1962. Two points should be made about it. First, the Government should try to avoid the age-old trap of first issuing an impossibly draconian preliminary list of suggested requirements that would drive many small employers out of business—and then having to withdraw some of the more ridiculous of these, amid a loud outcry that it is giving way to vested interests. Secondly, there should be an end to "crown privilege" in this matter; any new office inspectors should be allowed to look at government offices as well as private offices, and above all at some of the insanitary office accommodation in Whitehall itself.

MR MACLAY is due to introduce a **Housing (Scotland) Bill** in order to come more closely (but not entirely) into line with Mr Brooke's new Housing Act in England. Scottish housing conditions (including a large slum clearance programme) are rather worse than in the south, but many Scottish councils have been charging absurdly low rents and letting the burden fall on the ratepayer. Mr Maclay should cut down Exchequer subsidies to Scottish councils which do not charge "reasonable" average rents; for this purpose average rents at this year's revised valuation figures for council houses (£40-45 a year) would still be absurdly low.

A minor, but hotly contested, measure (which has already prompted one Scottish Tory from a fishing constituency to resign the Whip) is the **Salmon (Drift-net Fishing) Bill.** This will prohibit drift-net fishing for salmon around the Scottish coast, both inside and outside territorial waters, with power of extension to areas outside English territorial waters if necessary. Although this may look suspiciously like protection for an upper-class sport, it is eagerly supported by operators of stake nets in the Scottish rivers, who have suffered from the rapid rise in drift-netting by subsidised inshore fishing vessels off the Tay and Tweed, where a state of naval warfare has existed between the rivals. It should provide some interesting debates.

Among other bills in prospect, Sir David Eccles's reform of the Burnham negotiating machinery for **Teachers' Salaries** will now be delayed to allow for discussion among the interested parties. By contrast Mr Lloyd has hinted that he may bring forward in advance of the budget his limited **Capital Gains Bill,** which will ensure that "certain transactions such as short-term deals on the stock exchange and in property which are intended to bring in spending money and incomes will be taxed as such."

Any such hurrying forward would be a palpable sop designed to make his wages pause look fairer; a hurried bill would probably either have to look absurdly narrow to the trade unions, or else be much wider in its effect than it was originally meant to be. One's fear is that the Tories may be going to make the same sort of muddle as they did with the Excess Profits Tax, and introduce a measure that is too silly to last. If so, serious consideration of the very reasonable case for a capital gains tax on all property sales (which should be tied in with a new approach to the problem of land planning) may be jeopardised. A bill that should certainly be brought forward is to reform the structure of **Local Government in London** along the lines recommended (with some reservations on education) by one of the best of recent royal commissions.

The proposed measure for **Protection of the Investor**—regulating the acceptance of deposits from the public—has run into constant drafting difficulties; it might be better to hold it over until after the full Jenkins report appears. There are indications that the promised bill to create an independent authority to run the main **Civil Airports** will be delayed.

BOOKS

Unbreakable Hero

The History of Broadcasting in the United Kingdom, Volume 1: *The Birth of Broadcasting*

By Asa Briggs.

Oxford University Press. 415 pages. 42s.

BRITAIN is a nation noted for the impermanence of its idols: the respect and even adoration felt for such figures as T. E. Lawrence, Haig and Chamberlain can turn swiftly to ribaldry and contempt—perhaps justly, for we are noted equally for our gullibility in the face of large claims on our sensibilities. The mirth that greeted Lord Reith's forlorn plea, in *The Times*, for advice on the destination of his diaries of fifty years may be thought to have presaged another such reversal of image; but, in fact, the diaries that matter, those between 1922 and 1938, have already fallen into hands worthy of them and, taken together with the considerable body of reminiscence and record of the period available to Professor Briggs, present us with an unbreakable hero, a man who occupied a strategic post in modern British history and changed, for the better, all our lives, who had, as he saw it, "a great work to do" and did it, undeniably, greatly.

For "The Birth of Broadcasting" is above all about Reith, as the subsequent volumes in this meticulous and scholarly history of a social revolution also cannot fail to be. Nothing that went before his advent to the general managership of the new British Broadcasting Company (and not much that came after his retirement in 1938 from the corporation which grew out of the company) is so important as Reith, so relevant to the shape of mass communication in Britain today. Nor is it remarkable, after a reading of this history, that this influence should last so long: what is remarkable is that it should have been founded not in the life of the corporation but in the four years that preceded its charter, four years in which radio grew from toyhood to social force.

Professor Briggs's first volume (two or three more are promised) concerns itself chiefly with those four years, 1922 to 1926. At the beginning of that period, in the face of intense opposition from government departments (chiefly the Post Office and the armed services), which felt that they had interests vested in radio and that the security of the country depended on those interests, Marconis and other firms agreed among themselves and finally with the Post Office to set up an organisation for the general dissemination, as opposed to the point-to-point transmission, of "messages by wireless." Their interests were neither the security of the country nor the entertainment of its people, but the proliferation of their own manufacture of radio sets, so much so that the company formed to broadcast for them was virtually non-profit-making, its dividend being fixed at 7½ per cent.

That they managed to get this far was not Reith's doing: it was only after the consortium had begun business and was already transmitting a minimal programme that he, at a loose end and ambitious, applied for and captured this unexpected stronghold of influence on the life of the whole nation. But it was he who, suddenly enlightened on the nature of his duties and their scope, guided the enterprise out of the hands of financial and sectarian interests and into the hands of his deeply respected "public," using the weapon of unified control which the manufacturers had insisted on if the chaotic example of America was to be avoided.

Professor Briggs shows that it was in these years of private enterprise that the characteristics of the BBC as we know it were bred and not, as is generally thought, in the early years of the corporation, when popular imagination saw it as an instrument of government (an impression understandable in view of the role it played in the general strike of 1926 when, while being as fair as it could, it did much to ease the government's task).

The key to Reith's success was his absolute control of an organisation itself in absolute control. In his view the public (never the masses, always the public) were intelligent but deprived, and with the mystery "God-given" into his hands, he intended that their deprivation should not last long, that their taste and welfare should be raised by "the brute force of monopoly." This view was not universally popular: there were those who saw in broadcasting not the instrument for enlightenment, education and culture that Reith saw, not even the means of giving the public the trifling entertainment which Reith allowed only in small doses—and then diluted—but a way of undreamed of profits. The *Daily Express* among others conducted an intensive campaign against the monopoly, Reith and the GPO, the while offering to provide a free (that is, sponsored) programme itself—an offer mercifully not taken up by the Post Office, which alone issued licences to broadcast.

But Reith's friends were powerful, too, and the major newspapers (this one among them) supported him then in his contention that this was Promethean fire, to be treated carefully and controlled if chaos was not to supervene. After two committees of inquiry the public service for which he had laboured so hard was incorporated by royal charter. Life in Britain today would have been different if it had not.

Naturally, if fortuitously, the publication of this volume is opportune to the deliberations of the Pilkington Commission, concerned as it is, though in a much different setting, with much the same arguments about competition and monopoly as raged in 1926. Much of Professor Briggs's source material will no doubt be new to the commissioners; it cannot fail to be grist to their mill. His own conclusions from the early evidence are clear enough:

> The temptation to exploit large numbers of people has grown as it has become abundantly clear that effective technical means lie at the disposal of would-be exploiters and that the profits of exploitation are huge. Moreover, the moral issues have been blurred by a great deal of loose thinking and equally loose writing. Much of the recent writing on the BBC falls into this category.

Two Passages to India

A Time in India

By C. Ross Smith.

Macdonald. 292 pages. 30s.

India: *Mirage and Reality*

By Peter Schmid.

Harrap. 256 pages. 25s.

THESE are two remarkably similar books. Mr Schmid is an observant Swiss with an eye for a picture and very well served by his translator. Mr Ross Smith is an American who has spent much time in Paris, every bit as sharp in spotting and reporting. The common quality they bring is an element of discovery and wonderment about India that nowadays largely eludes the British, whose forebears wrote on India with greater scholarship and romance. Messrs Schmid and Smith are seeing it all for the first time, with eyes unimpeded by the past glories and shames of an imperial raj or by predispositions and affections for India and Indians that have been released since independence among so many British students of Indian affairs.

It is as if one were seeing it all again for the first time—the monuments, the millions, the squalor and the hope. The ambivalence—favourite Indian word—is well brought out. "Dialogue with a Hindu is like a game of tennis in a fog. You demand precise details and facts: the Hindu will evade them by lengthy general disquisition." So Mr Schmid; he might almost have shared that three-hour car ride to Bokhara during which an intendedly straightforward question about the present condition of the Indian coal industry was taken back to 1925 and brought no further up to date than 1927. Both writers make shrewd—and for them original—assessments of Indian societies and religions. Their tourism too is of a high order. If Mr Ross Smith loses himself emotionally in contemplation of the Taj Mahal, he gets Fatehpur-Sikri gloriously right: "All men must have felt completely at home at Fatehpur-Sikri." And they make honest attempts to come to terms with the erotic sexuality of the sculpture that adorns Khajuraho and so many other Hindu temples.

On politics and economics, neither book offers conclusions of high significance. Indeed, Mr Schmid has a chapter boldly labelled "The Steel Battle for India" that can only be characterised as superficial. There is little on government, planning, or the prospects of Indian development. But both books paint a comprehensive and occasionally vivid social and cultural background, with all the richness and internal contradictions, which in the end will determine whether a comprehensive Indian government will prevail and whether the Indian people will grasp their opportunities for betterment. They are two literate attempts to solve some basic Indian puzzles.

Tawney's Century

Essays in the Economic and Social History of Tudor and Stuart England

Edited by F. J. Fisher.

Cambridge University Press. 235 pages. 30s.

THESE essays were written in honour of R. H. Tawney and presented to him on his eightieth birthday. Similar tributes have recently been paid to Sir John Neale and Professor Notestein, so that with the publication of these essays each of the great trio of Tudor and Stuart historians can contemplate his triumphal arch. Such monuments often make the observer reflect gloomily on the contrast between their stereotyped design and craftsmanship and the inspiration of the victories they commemorate. Here the first and last panel form striking exceptions. Mr Coleman combines precision with vitality in his description of the activities of that "rich tycoon," Sir John Banks, the Restoration financier, setting these firmly in the setting of monetary scarcity. Professor Fisher in his introductory essay, unfortunately the shortest in the book, sets "Tawney's century" in a new perspective. Starting with a happy quotation from *Lloyds Bank Review* on the under-developed parts of the world today, he draws the parallels with the economy of the late Tudor and early Stuart period, and suggests that "the task of the historian is less that of demonstrating the expansive force of economic ambition than that of examining the impediments that contained it." Professor Tawney has stressed the impetus given by the acquisitive forces in society; Professor Fisher is concerned to emphasise the technological and social obstacles to economic growth.

The other essays deal with agrarian history, trade and government finance, apart from Mr Hill's contribution, which seeks to clarify the interdependence of Protestantism and capitalism. Mr Hill assumes that some connection between them is now accepted by most historians with the conspicuous exception of Professor Trevor-Roper. However, two of the contributors to this volume are also heretics. Professor Fisher finds the attempt to identify a capitalist ethic distinct from the simple and enduring desire for economic gain unconvincing; and Mr Coleman refuses to regard Sir John Banks as moved by "a nebulous Protestant Ethic urging frugality and mysteriously favouring the reinvestment of gain," but shows him responding in a practical if unedifying way to the opportunities open to a man with money to lend at a time when money was scarce. Mr Hill's argument relies on a specialised definition of the "capitalist spirit," and his emphasis on Luther's theology stands in interesting contrast to Professor Tawney's own dismissal of Luther as a "capricious volcano," notable for his patriarchal ethics and his "hatred of economic appetites."

Mrs Thirsk has a thoughtful essay on rural industries, in which she suggests that their location should be explained more by the social structure of local communities than by the factors of easy access to raw materials or the demands of the market. Her evidence is drawn from the remoter parts of Westmorland and the Yorkshire dales as well as from southern England; and she has given a valuable lead to local historians anxious to relate their work to general problems. Mr Aylmer adds an extended footnote to his study of the civil service of Charles I. Mr Ashton has a useful account of the splits within the City produced by the policies and expedients of Charles I's government; but he is disposed to exaggerate the novelty and sophistication of his main argument. Mr Stone has an attractive essay on Robert Cecil's rich harvest of wealth from office. Limitations of space have prevented him from showing how he reaches all his figures, but he certainly establishes that Cecil "used his official position for personal financial gain on a very large scale." Only a much fuller study could establish and reconcile the conclusion that in respect of official morality "things had clearly gone downhill sharply during Salisbury's tenure of office" and that Salisbury was "a shrewd and clear-headed statesman who worked actively to further what he conceived to be the best interests of his country."

Russia's Trade Policies

The Challenge of Co-existence

By Milton Kovner

***Public Affairs Press,* Washington. 136 pages. $3.25.**

"WE value trade least for economic reasons and most for political reasons." Thus Mr Khrushchev in 1955 to five visiting US Senators, and Mr Kovner writes to illustrate and establish the theme. This study provides a salutary—and at present a timely—reminder that sabre rattling conveys only part of the Soviet challenge: more subtle and continuing economic challenges may ultimately be much more decisive. The argument is familiar to specialists, but in chapters devoted to Soviet policies towards less developed countries new insight is provided. We are reminded that the manipulation of trade and trade policies is much easier and of greater advantage for a totalitarian power than for a democracy. Trade can be adjusted in order to bolster some regimes, or to inhibit—perhaps destroy—others: Soviet imports of Egyptian cotton between 1956 and 1959, and the economic blockade of Jugoslavia from 1949 to 1953, are cases in point; decreased trade with Australia from 1954 to 1959, and the careful wooing of the Finnish economy, are others.

The main flaw in the work is the assumption of Russia's omnipotence in economic affairs. There is not sufficient stress—or documentation—on the pressing problems that afflict the Soviet economy continuously. Mention is made of some shortages, and the growing pains of each five year plan. But Russia's dependence on imports in, for instance, rubber, cotton, wool and other vital raw materials, makes it utterly dependent in several areas of trade; again, the internal demand for many capital and consumer goods can no longer be restrained as in earlier decades. Soviet trade—and hence Soviet foreign policy—is less independent than Mr Kovner's study suggests.

Statistics are usefully employed throughout the book, but only in the baldest form of percentages and trends: the study would be more valuable to specialists (not least to economists and Kremlinologists) if there were a closer analysis of trading figures from yearbooks. The most useful chapters relate to Soviet policies towards underdeveloped countries, and the author skilfully examines Russian strategy for speeding the end of colonialism.

Tartan Tableau

Culloden

By John Prebble.

Secker & Warburg. 367 pages. 30s.

The Forty-Five has been asphyxiated by its dead weight of historians. But it is occasionally possible (as the names of Tayler and Fergusson attest) to breathe the verisimilitude of life into the monstrous corpse. This success has been just beyond Mr Prebble. He is an accomplished journalist: he has mustered an impressive historical apparatus on hour-to-hour events in what appears to have been a relatively short period of research. But he is vulnerable on three counts. First, his description of the battle is splendidly dramatic (and anti-romantic); even so, it would have gained considerably, not least in the delineation of the divided Jacobite leadership which is sketched in, from a more informed discussion of the strategic prelude in the early months of 1746. This would have been fairer to Lord George Murray: it would also have explained why the Jacobite army was in an even more parlous state than might have been expected.

Secondly, Mr Prebble has chosen to devote the second half of his book to a sustained account of the repression that followed the battle, chiefly relying on the excellent but well-known sources of the Scottish History Society series. To say that this is unbalanced reporting is probably to be condemned as an unregenerate Whig: it is perfectly true that Lowland and English Whiggery regarded the Highlands as Ethiopia, but there was another side to the appalling business in which Forbes of Culloden and even the Campbell militia, among others, played a larger part than Mr Prebble's readers may gather from him.

Thirdly (and this is particularly irritating) Mr Prebble determinedly asserts that Culloden "began a sickness from which Scotland, and the Highlands in particular, never recovered . . ." If this means the sentimentalising of the clan system (invariably represented by the Jacobite clans) it must be said that the age that initiated the tartan myth was the one that also contrived to give the Lowlands the beginnings of a modern industrial base, without which there would be even less of a real Scotland remaining today. The sicknesses and myths that do imperil the Scottish community and economy in the second half of the twentieth century are of more recent origin. If Mr Prebble means, in particular, the social and economic collapse of the Highlands since the middle of the nineteenth century, this, too, was influenced by more obvious economic developments, which many regions of Europe that never mourned Prince Charlie have equally experienced. Mr Prebble is so readable that one must be more critical of his implications than of the normal, recognisably tendentious run of historians of Jacobitism.

OTHER BOOKS

THE UNION OF BURMA. By Hugh Tinker. 3rd edition. *Oxford University Press* for *Royal Institute of International Affairs.* 438 pages. 42s.

Mr Tinker has brought his authoritative survey of the new Burma up to date for this third edition. The job was worth doing, though the newer passages are perhaps not the happiest in the book. The author, for instance, seems reluctant to give full value to the chaotic state of affairs that led to the assumption of power by General Ne Win, or to give the latter sufficient credit for handing power back to the politicians—alone among the crop of military strong men that has sprung up in the past few years. The book remains, however, the "scholarly and exhaustive work" which *The Economist* found the first edition to be—a standard work for students of south-east Asia.

BUSINESS FINANCE. By F. W. Paish. 2nd edition. *Pitman.* 167 pages. 15s.

Professor Paish has brought his valuable text-book up to date, and added a new chapter on the volume of business in the new issue market.

MERCHANTS AND MARINERS OF THE 18TH CENTURY. By Conrad Gill. *Edward Arnold.* 176 pages. 30s.

Anyone interested in the history of overseas trade should not be daunted by the vague and misleading title of this book. It is, in fact, a study of the import-export business of Thomas Hall, 1692-1748, merchant, ship's captain and ship's husband, who lived in London at a time when trade to the east and to Africa was expanding fast. Hall's interests stretched from China to South America, if not Peru. He began as a ship's captain and speculator in the new trade in tea, *ch'a* as it was known at Canton and is still so called in some circles. He became one of the most trusted of the East India Company's ship's husbands, whose multifarious duties as promoters, shipowners, traders and chandlers are well analysed here. He sold the gaily coloured cottons which he imported from India to West African chiefs in return for slaves. Like other successful merchants, he bought himself a country house and invested in land. As Professor Gill admits, no clear picture of his personality emerges from the thousands of business documents he left behind, but as a detailed study of the actual processes of trade at a critical period this book has much to recommend it. Unfortunately, the index is inadequate.

BANKING AS A CAREER. By Mark Bevan. *Batsford.* 128 pages. 12s. 6d.

THE OCEAN. By F. D. Ommanney. Home University Library. *Oxford University Press.* 244 pages. 8s. 6d.

THE COMPLEAT ANGLER and THE ARTE OF ANGLING. By Izaak Walton and Charles Cotton. World's Classics. *Oxford University Press.* 387 pages. 7s. 6d.

THE WORKSHOP OF THE WORLD: *British Economic History from 1820 to 1880.* By J. D. Chambers. Home University Library. *Oxford University Press.* 239 pages. 8s. 6d.

AUTUMN BOOKS

IN next week's issue of *The Economist* a large selection of books published this autumn will be reviewed, and our Bonn correspondent will report on the book trade in west Germany.

LETTERS

Anti-nuclear Shelters

SIR—Having just returned from a three weeks' tour of America (my fifth), I find myself, for once, in disagreement with your American Survey (in your issue of October 21st) in which it is stated that "anti-nuclear shelters are discussed at every cocktail party." I can only say that I met many people in all walks of life, on business and social occasions, from east to west, north to south, and I only heard the subject mentioned once: nor did I meet anyone who had a shelter or proposed to get one.

I found people everywhere much more serious and responsible than when I was there four years ago, for then they were almost hysterical about air-raids and the prospects of war with Russia.

On the other hand, nearly everyone wanted to know if I had "like most other Englishmen" been arrested for sitting down in a public place in protest against the H-bomb. "Is it true that everyone in Britain now spends the weekend getting arrested instead of playing golf?"

Thus do we deceive each other, which seems to me as unfortunate as it is unnecessary, particularly at the present time when Anglo-American understanding, always difficult to achieve, needs to be at its best.—Yours faithfully, JOHN ELLIOT

Mayfair Place, W1

Iraq Oil

SIR—Your article "Issues in Iraq Oil" (September 30th) was indeed stimulating. As one who has been watching the oil scene in Iraq at close range since 1933, permit me to contribute a few comments on the question of Iraq's participation in the Iraq Petroleum Company's capital.

In the first place this is not a novel issue conjured up by General Qasim to place the companies under duress. The principle of possible Iraqi participation in at least 20 per cent of the concessionnaires' capital forms part not only of the San Remo agreement of 1920 but also of the companies' concessions. On several occasions the companies were asked to give effect to these provisions but they invariably evaded their contractual obligations by claiming that they were private companies and did not issue shares. The Iraqi government's legal codification department confirmed the government's right to demand implementation of the relevant articles of the coventions even if that should necessitate turning the companies from private to public companies. Pre-revolutionary governments, however, did not probably have the courage to press their demands too far and risk a show-down with the companies.

If we accept this line of reasoning as sound, we can at once dismiss as baseless the companies' claims that, in the event of Iraq being accepted as a partner, other Middle Eastern oil-producing countries will be justified in clamouring for equal status.

As regards the practical difficulties hindering Iraq's participation, which presumably form the bulk of Mr Fisher's documented package given to the Iraqi negotiators, I believe that such difficulties, if they exist, are grossly exaggerated.

One of the obstacles cited in your article lurks in the nature of IPC as a non-profit-making company. I believe that Iraq is quite willing to accept the present arrangement, if it affords the companies tax relief. The government, as a shareholder, is no less anxious to protect other shareholders against any potential drain on their profits. The government, I think, is just as ready to accept profits in the form of crude oil in lieu of monetary dividends as do BP or Socony-Mobil, and can, if necessary, undertake not to force the sale of such crude upon its partners at posted prices.

As regards the Iraqi government's inability to pay the capital price of its share, such a difficulty—if it exists—is the proper subject for negotiation. Once the principle of participation is granted, satisfactory payment arrangements can surely be worked out. A government which can afford to donate £2 million a year to the Algerian cause and enormous sums to other anti-imperialist forces in the Middle East will not fail to put together the resources needed for its new venture.—Yours faithfully,

Benghazi, Libya ABDUL AMIR KUBBA

Nigeria

SIR—Your note on Nigeria of October 7th ("Too Friendly") is hardly fair.

The Nigerian Government is pursuing a most level-headed policy of strict non-alignment. Confident that their country is the largest and most important in black Africa, and indeed in all Africa for that matter, the Nigerians have no need to be self-assertive or aspire to a meaningless prestige or "leadership." It is theirs already. Instead they are concentrating on two eminently sensible policies:—

To be friendly to all nations, but to belong to no "blocks." They regard the neutralist Belgrade powers as a "block," and refused to attend their conference for that reason.

To build up a sound and dynamic economy as quickly and efficiently as possible. They realise that no progress, whether at home or abroad, is possible without this.

I have no hesitation in saying that they will achieve both these aims, and their leadership of Africa will come naturally from example, and not from slogans.—Yours faithfully, A. F. CLAYTON

Port Harcourt, Nigeria

Hongkong

SIR—The draft valedictory from Mr Macleod to Mr Maudling in your issue of October 14th starts with the statement that the problems of Britain's islands and dependencies in the Western Pacific are not urgent. From the remainder of the article I gather that the urgency you have in mind is concerned with politics and as far as that goes I can only agree.

Nevertheless economic trouble is the precursor of political, and with this in mind the problem of Hongkong in relation to Britain's entry into the common market is nothing if not immediate. Our steadily growing population must be allowed to continue to earn its own living by manufacturing for export. Otherwise, economic trouble will be inevitable, which, if not relieved by subsidy from the United Kingdom Treasury, can only lead to social and political unrest involving problems not only for the Colonial Office but, in view of our geographical position, for the Foreign Office as well.—Yours faithfully,

W. C. G. KNOWLES, Chairman

Hongkong General Chamber of Commerce

The Holstein Papers

SIR—I am sorry that your review (October 14th, page 130) should have revived the story that the Crown Princess Frederick was responsible for calling in Sir Morell Mackenzie to advise about her husband. This was successfully challenged by the late Lord Rennell in the 1920s, and the decision to bring in Mackenzie has recently (H. J. Wolf: *Die Krankheit Friedrichs III und ihre Wirkung auf die deutsche und englische Oeffenklichkeit*—Berlin 1958) been shown to have been the decision of the German doctors themselves, though their choice of an Englishman from a short list which included a doctor in St Petersburg and two in Vienna may well have been made with an eye to the Crown Princess. They appear to have been unaware of the fact that Mackenzie's methods of treatment were the direct opposite of their own. To avoid public alarm, Queen Victoria was induced to accept public responsibility for the despatch of Mackenzie. But she had never even heard of him until then and her own doctor, Sir William Jenner, warned her against certain aspects of Mackenzie's character.—Yours faithfully, MICHAEL BALFOUR

London, NW3

Economic Terms

SIR—I am engaged upon the revision of Winton's Dictionary of Economic Terms (Routledge and Kegan Paul Ltd.), and should be grateful if I may use your columns to ask any of your readers who may know the work to let me have suggestions for deletions, revisions or additions that may have occurred to them.—Yours faithfully,

P. A. S. TAYLOR

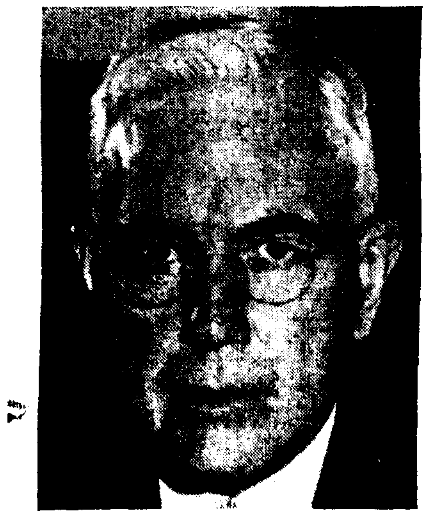
Exeter Technical College

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.

America's New Spy Master

WASHINGTON, DC



McCone

SPYING is big business in America. The Central Intelligence Agency, roughly the equivalent of Britain's MI6, costs the taxpayers well over $500 million a year. It has about 10,000 employees in Washington, though there has been a cutback in recent years, and many more abroad. Those at work in Washington are scattered through about thirty office buildings, but are shortly to transfer themselves and their closely guarded files across the Potomac River to a brand-new, $50 million headquarters in Virginia.

The CIA is also about to get a new chief. President Kennedy has selected Mr John McCone, who was Mr Eisenhower's last chairman of the Atomic Energy Commission, to succeed Mr Allen Dulles as Director of Central Intelligence and there seems little doubt that the Senate will confirm the appointment when it meets in January. Mr McCone is of craggy Scottish descent and he is a rich Republican and ardent Roman Catholic who is reputed to have a molten temper and a whim of iron. The liberal wing of the Democratic party disapproves of the President's appointment of Republicans to high positions in the Administration and it disapproves particularly of Mr McCone, who has been a firm believer in massive retaliation and was a strong opponent of the moratorium on nuclear tests.

But leading conservative Democrats on the Congressional Joint Committee for Atomic Energy are believed to have sponsored Mr McCone for the central intelligence post because he established flattering relations with them when he was chairman of the Atomic Energy Commission. The directorship of the CIA is said to be one of the two or three most important choices that a President may have to make and the CIA is under fire in Congress. Mr McCone's backers evidently believe, in the light of his past performance, that he is well fitted to handle just such a situation. What his critics fear is that this zealous man will behave in his new job like a sort of McCone the Knife, making the hot role that the CIA has been playing in the cold war still hotter. But the Kennedy Administration apparently feels confident that, while Mr McCone will employ his undoubted administrative talents to prune the agency's overgrown bureaucracy, he will refrain loyally from embarking on adventures similar to that in Laos last year and in Cuba this year—adventures of a sort that this scalded Administration is far from wishing to repeat.

The Central Intelligence Agency does not confine itself to spying. It is credited with having helped to oust Mr Mossadegh from the premiership in Iran in 1953, and Dr Arbenz from the presidency in Guatemala in 1954. Last year, in Laos, it apparently helped to persuade the strongly right-wing General Phoumi Nosavan to leave Vientiane and raise a southern army to drive the neutralist Prime Minister, Prince Souvanna Phouma, from power, instead of accepting his offer to join the cabinet as Vice-Premier and Minister of the Interior. This action was taken in the teeth of warnings and protests by both the French and the British, who predicted, correctly, that it would provoke a communist counter-action that would have more chance of success than the CIA's gambit. The agency's stock has been low since a U-2 spy aircraft was shot down in Russia in 1960, and it slumped heavily after the fiasco of the attempted landing of anti-Castro rebels in Cuba last April.

The anti-Castro forces were equipped and trained under CIA auspices in Guatemala on "ranches" and at a "shrimp factory" that the CIA rented as cover for the operation. Since the Cuban venture's ignominious collapse, a first-class row has been going on behind the scenes involving the Joint Chiefs of Staff, the Department of State and the White House, but at least some Americans are more concerned with the dubious morality of the Cuban affair, even if it had succeeded, than with who is chiefly to blame for its failure. Reportedly the Cuban rebel "leaders" were treated like pawns and a Congressman has accused the CIA of trying to "predetermine the composition and orientation of the proposed Cuban government" that was to have replaced Dr Castro.

SENATOR EUGENE MCCARTHY thinks that Congress would not have permitted the Cuban adventure had it been told about it in advance. It was not. At present, Congress votes money for the agency, but it does not know how much the CIA gets because the CIA's budget is concealed in appropriations for other departments, like the new fur coat in the expense account of the newspaper correspondent who said it was in there somewhere but that he defied anyone to find it. The agency is believed to get considerably more than the entire cost of the State Department. The Director of Central Intelligence reports once or twice a year to a dozen highly influential members of the Appropriations and Armed Services committees, but apparently they ask him very few questions. One member, Senator Saltonstall, said that "as a member of Congress and as a citizen" he preferred not to have the information that Mr Dulles was willing to give. Another, Senator Russell, said that it "chills the marrow of a man to hear about" such activities as those of the CIA.

Senator McCarthy, however, has proposed, as a result of recent mishaps, an enlarged congressional joint committee to supervise the CIA. This revives a proposal made five years ago by Senator Mansfield, and supported by the then Senator Kennedy, for a joint committee that would make itself "fully informed" about the CIA, with the right to subpœna witnesses and call for documents. Under strong pressure from President Eisenhower, Mr Allen Dulles and his brother, the late John Foster Dulles, who was then Secretary of State, the Mansfield proposal was defeated—and Senator McCarthy's new attempt to gain greater congressional control over the CIA is not expected to fare any better, even though Senator

Kennedy is now President Kennedy. "You can't conduct spy operations and tell Congress everything," explains Mr Kilday, a Democratic member of the House Armed Services Committee.

Last May the President reappointed Dr James Killian as head of a board of foreign intelligence consultants, a post that Dr Killian held under Mr Eisenhower, when the CIA continued to grow in power and prestige without any interference. Mr Kennedy has also asked General Taylor to review American intelligence work in the light of the Cuban debacle. It seems possible that in future the agency will be expected to leave the planning and mounting of military undertakings to the military, and may also be required to co-operate more closely with the State Department as well as with the Department of Defence. But neither of these seems inclined to take over from it what Americans call the "department of dirty tricks" which, in conjunction with the agency's huge financial resources, its thousands of operatives and the almost unrestricted power of its director to use both for secret projects in foreign countries, gives thoughtful Americans most cause for alarm.

The CIA was set up in 1947 by the National Security Act, which gave it the three functions of co-ordinating the work of the other intelligence units, performing such other functions relating to national security as the National Security Council, a central policy-planning agency for the President, may direct, and acting, through its director, as chief adviser and consultant on intelligence matters to the President and the National Security Council. Because there were considerable fears that it might become a sort of Gestapo, the CIA was expressly forbidden to engage in domestic security functions, a ban that still applies. In 1949 it was made exempt from any law requiring disclosure of its organisation, functions, numbers or finances. Its subsequent vast growth has been due partly to the cold war and partly to the agency having Mr Dulles as its director while his powerful brother ran the State Department. Both brothers had ready access to the President. The National Security Council directed the operations of CIA, but Mr Dulles advised the Council, and the President, what operations the CIA should undertake.

President Eisenhower allowed the CIA to recruit and train an invasion force against Cuba, because he thought Cuba was drifting into communism, and President Kennedy allowed the invasion to be launched. This month Mr Kennedy told a press conference that American aid was intended to help countries that wished to maintain their sovereignty and independence. But withholding aid from governments that seem to be yielding up their independence by going communist is one thing; subterranean acts against such governments are quite another. It is said in defence of such CIA activities that they are intended to bolster the "democratic forces" in foreign countries, to counter Russian bolstering of anti-democratic forces. This week, however, Mr Harlan Cleveland, an Assistant Secretary of State, said that "the best answer to the stealthy Soviet practice of indirect aggression is often not reciprocal stealth but the highlight of publicity." Some Americans think the time has come to end the sort of morality that believes it is right to do wrong so long as the right side is doing it.

Atomic Testing for Peace

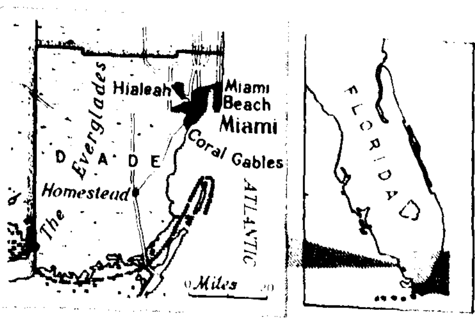
THE President's announcement that the first step toward developing peaceful uses for atomic explosions is to be taken in the salt caverns of New Mexico comes, probably not by accident, in a week when the world is preoccupied with the fall-out from the Russian tests of atomic weapons. The experiment, which will probably be made in December, is primarily to determine whether the heat released by an explosion of the force of 5,000 tons of TNT can be stored and tapped for the production of electricity. It would have taken place sooner but for the desire of the United States to do nothing to arouse Soviet suspicions while the talks on a ban on nuclear tests were still proceeding. Observers from countries which are members of the United Nations, including the Soviet Union, will be welcome to watch Project Gnome, though not to examine the explosives.

No radioactivity will escape into the air from this experiment, just as none has escaped from the handful of weapons tests which the United States has conducted underground since the Russians resumed testing. America has harvested such golden opinions from this restraint (and from the Russians' lack of it) that Washington would be most reluctant to start testing in the amosphere, even though it felt compelled last week to reserve publicly the right to do so. Moreover the bold way in which Mr Gilpatric, the Deputy Secretary of Defence, brandished America's big nuclear stick last weekend suggests that there is no urgent need for the United States to join the Russians in polluting the atmosphere; the fears of American weakness, which were so profitable to Mr Kennedy in his election campaign, seem to have melted away now that the Democrats have both the full facts and the responsibilities of office.

The pressure on the President to resume testing in the open air is apparently nothing like as heavy as the pressure was to resume testing underground, to which he acceded once the Russians had broken the moratorium. But the science of nuclear weapons does not stand still and Mr Kennedy has already appointed a group to consider the question. If the Russians seem to have learned a great deal from their present series (whose pace has surprised the Americans) and no new moratorium, with full inspection, can be achieved, the pressure on Mr Kennedy will rise. This will be particularly true if the Russians appear to be making rapid progress toward an anti-missile missile, which cannot be tested underground and which may someday represent the difference between destruction and survival. But in other tests as well the country limited to underground explosions is at a disadvantage compared with one which has no scruples about radioactive fall-out.

Reprieve for Metro

THE reputation of Miami is said to have been founded on fast women and slow horses, but recently this corner of the sunshine state has attracted attention for a more sober undertaking—the introduction of a regional form of government novel to the United States. Last week, however, it looked as if the four-year old metropolitan government of Dade County (known as Metro) might meet an untimely end; at a public referendum in the county voters were asked to approve a string of amendments that would in effect have killed the experiment. To the surprise of some and the intense relief of its backers, Metro pulled through. But with 48 per cent of the votes cast in favour of the hostile petition the future of Metro remains uncertain.



The idea of imposing a new layer of government on top of existing local authorities has been controversial from the start. The staunch supporters of Metro—civic leaders, business groups, the local newspapers—argued that only regional planning and administration could restore order to public services in the Miami area. Not only had responsibility for them been divided in the past between 26 municipalities, but population was also pouring into the region, much of it settling in the unincorporated hinterland where builders were hard at work converting patches of swampland into desirable building plots. The population of Dade County has doubled in the last decade to nearly one million.

Under the terms of its charter, Metro was given responsibility for all county-wide services—for planning, traffic control, main roads, water, sewerage, rubbish disposal and so on—while the municipalities remained in charge of purely local matters. But in practice most of these bodies have been quite unwilling to hand over functions to the higher authority, and Metro has, as a result, been involved in some 600 law suits. Miami Beach which, as the centre of the tourist industry, is particularly reluctant to throw in its lot with the rest of the county, took its case for maintaining an independent traffic court all the way to the Supreme Court of the United States—and lost last week. What is more, the municipalities show no signs whatever of withering away (as had been hoped). Instead the existence of Metro has spurred them on to new (and sometimes directly competitive) activities. Despite these rivalries, Metro has made good progress in some fields. It has established a single traffic court and uniform traffic and building codes; it is building express roads and a new $20 million port for Miami; and it has made a start at organising county-wide transport. But to a large extent it has supplemented and not replaced the old pattern of government.

The latest attack on Metro has been led by one of its ex-commissioners, Mr McLeod, who has been telling voters up and down the county that Metro represents an additional and wholly unjustifiable cost of government. His views have received warm support in a good many quarters, particularly among small householders who stand to lose from the revision of rateable values that Metro has undertaken. Metro still has strong and influential supporters, but it is clear that its narrow victory at the polls last week has given it little more than a breathing space for a crash programme of reforms and economies before the forces of the opposition regroup for a new assault.

Self-Control at the Curb

FROM A CORRESPONDENT IN NEW YORK

WALL STREET is seriously worried about one of its own institutions—the American Stock Exchange. Once known as the Curb because of its pavement origins, the American Stock Exchange lists the shares of a great many relatively small, unseasoned companies, including some of the most popular growth stocks. It has always been regarded as something of a brash upstart by the senior New York Stock Exchange and the rest of Wall Street, although they have been prepared to accept the wide fluctuations in its share prices as one of the risks of the game. But this tolerant attitude has cooled perceptibly since the disclosure of a $10 million manipulation by the Res, a father and son team of specialist dealers on the American Stock Exchange. The Re case has led not only to a major investigation of the ASE itself, but also to a full scale inquiry—at the behest of Congress—into the entire securities industry. The latter could produce some fundamental revisions in the regulations governing the markets; for instance, it could result in a mandatory separation of the functions of broker and dealer.

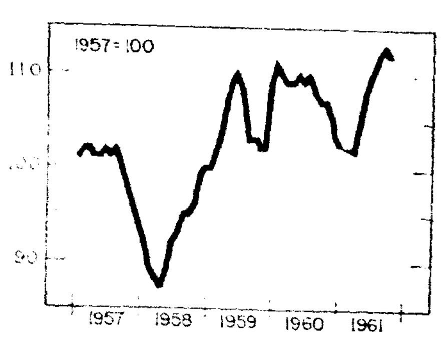
The impending investigation, as well as the apparent reluctance of the ASE to discipline some of its own members, has brought demands for reform from inside the ASE itself. Mr David Jackson, a veteran specialist on the ASE, has demanded the resignation of Mr Edward McCormick, the president of the Exchange, for the way he handled the Re case. And a small group of younger members of the ASE, christened the "Young Turks" by the press, have attacked both Mr McCormick and Mr Joseph Reilly, the elected chairman of the ASE. More important, a group of the largest firms of stockbrokers, including Merrill Lynch, Pierce, Fenner & Smith, Inc., have made it clear that the ASE should clean up its own house before Washington steps in to do the job.

As a result of these developments a blue-ribbon committee, composed of brokers and investment bankers, all members of the ASE, has been formed to look into the exchange's affairs. Mr Gustave Levy, its chairman, has said he is determined to sort fact from rumour in the scandals being whispered about the ASE, to recast the exchange's rules and regulations, and to give the ASE adequate machinery to police itself. This will not be an easy task. It will inevitably crimp the style of operators on the ASE floor, and will thus encounter the opposition of many members who have already lined up behind Mr McCormick. Their support for him is understandable; since Mr McCormick assumed the presidency in 1951 the volume of trading on the exchange has soared from about 110 million shares a year to well over 400 million this year. Members, therefore, are prosperous and by and large have little inclination to change things.

But Wall Street in general recognises that the reputation of the ASE cannot be divorced from its own. The big firms of stockbrokers have too much at stake to permit the kind of laxity that has been revealed. Even some of the companies listed on the ASE have become uneasy, fearing that their own standing may be jeopardised; a number of them have applied for listing on the New York Stock Exchange. These factors, as well as the knowledge that Washington is prepared to move in if Wall Street fails to police itself adequately, should help Mr Levy in his task.

INDUSTRIAL PRODUCTION

The index of output fell slightly in September from the record height reached in August; this was due chiefly to the ravages of hurricane Carla and the strikes against Ford and General Motors. Unless negotiations at Chrysler, the other big motor company break down the advance should be resumed soon.



Mississippi's Gathering Storm

THE city of Washington is full of ideas for tackling racial discrimination: the Civil Rights Commission has just submitted two more reports on racial handicaps—one on housing, the other on jobs; there are plans for a Freedom Ride along Route 40, the road from Washington to Baltimore where so many African diplomats (and native Negroes) have been refused service at restaurants and cafés; and three big southern railways have announced the end of racial segregation at their terminals. But the next real battleground may lie in Mississippi, the poorest state of the South, the one with the highest proportion of Negroes and the one where any racial change has seemed almost unthinkable. Few Negroes vote; in Panola County, which the Department of Justice has just taken to court, only 10 of 7,250 Negroes of voting age are registered, compared with more than 5,000 of the 7,639 whites.

When the Freedom Riders passed through the state last summer nearly 200 of them were arrested on charges of breaching the peace (by using facilities reserved for whites). Although a federal court was asked in June to order these arrests and convictions expunged from the record, on the ground that the state law requiring segregation is unconstitutional, the judges have kept postponing any ruling. Early this month the Department of Justice asked the court sharply for an early decision which, if necessary, could be appealed to the Supreme Court. As things stand the delay of the judges and their reluctance to interfere with the state courts leaves standing all these wrongful convictions.

The real trouble, however, is brewing in three counties further south, along the Louisiana border. Here students who conducted a "sit-in" and a parade as a protest against segregation were expelled from school; those over 18 were arrested; and a 15-year old girl was sent to a state home for juvenile delinquents. Negroes and whites who came from outside the state to encourage the local Negroes to vote have been beaten up; one Negro has been killed (in "self-defence"); and local Negro leaders have been arrested. In one extraordinary case a Negro voting instructor, Mr Hardy, was attacked by a voting clerk; it was Mr Hardy, not his attacker, who was arrested for a breach of the peace. Because voting rights were involved, the Department of Justice has intervened to ask that this prosecution be dropped. But in general its powers are limited. Negroes courageous enough to speak out in Mississippi can often not even count on legal help; there are very few Negro lawyers and no white ones will defend them in cases involving racial matters.

Third Force in Michigan?

FROM A CORRESPONDENT IN DETROIT

For more than a year Mr George Romney, the exuberant president of the American Motors Corporation, has devoted a part of his abundant energies to a group called "Citizens for Michigan," of which he is the leading spirit. The object of the group is to encourage citizens of substance who are beholden to neither political party to take greater interest, and perhaps participate, in the government of their ill-run state. Mr Romney has long been concerned over the fact that, for the last decade Michigan has been the rope in a tug of war between Mr Reuther's United Automobile Workers' union, which has the state Democratic party in its pocket, and the big business interests which operate the state Republican party more or less as a branch of their public relations and tax departments.

The Citizens for Michigan played an important part in a campaign last spring which has led to a special convention, now in session, for re-writing the State Constitution—a document which dates back to 1908 and is badly in need of modernisation. For the purposes of the convention Mr Romney has called himself an "independent Republican"; much as he dislikes it he cannot avoid a party label of some sort, and he could never fit into the Democratic party in Michigan, which requires its members to rubber stamp the programmes put forward by the automobile workers. Mr Romney is one of three vice-presidents of the convention. If he displays there some of the drive and leadership that have characterised his other ventures, he may emerge as a leading candidate for the Governorship of Michigan in next year's elections and, conceivably, he may become a national political figure by 1964, the next presidential year.

In many ways Mr Romney is a familiar figure in American life: the successful businessman who turns to public affairs. The exceptional circumstance in his case is that in any bid for elective office he would get only lukewarm support from some of his fellow businessmen and bitter opposition from others—particularly his colleagues in the automobile industry. For in his fight to keep American Motors (which makes the Rambler car and Kelvinator appliances) in the race with the three big motor manufacturers he has been a constant thorn in his competitors' flesh.

Most recently he has irritated, if not alarmed, the rest of the automobile industry by reaching a new three-year agreement with Mr Reuther, the president of the United Automobile Workers, which includes provision for profit-sharing or, as Mr Romney prefers to call it, "progress-sharing." Also unpopular in Detroit was his scheme, announced last winter with much fanfare, to "share progress" with the buyers of Ramblers by returning to them, in government bonds, part of the purchase price if the number of his cars sold exceeded a stated total. But the real damage to his relations with the officials of the other motor companies was done a few years ago when Mr Romney embarked on an extremely hard-hitting sales campaign to promote his Rambler car—then the only "compact" car made in the United States. He not only ridiculed the size of his competitors' products but, by implying that their construction was obsolete, also aroused a faint question about their safety. Even in the citadel of free enterprise this was regarded as not quite cricket.

Mr Romney became president of American Motors in 1954, a few months after its creation out of the merger of two automobile companies—Hudson and Nash—and at the death of the architect of this union. He was 47 years old and had never before run a company. The new enterprise was awash in debts to the tune of $70 million, and was losing more money every month. By ruthless economies, by being the first to introduce the smaller car that proved so popular with the American consumer and by persuading bankers and insurance companies not to foreclose, Mr Romney emerged with a company that, in the year ending September 30th, 1960, had sales of more than $1 billion and earnings after tax of nearly $50 million. (The 1961 figures will not be so shining but they will be comfortably in the black.) It is Mr Romney's boast that his company makes more money in relation to its investment than any other motor manufacturer—including the General Motors Corporation.

The possibility that Mr Romney may emerge as a commanding figure in American politics bothers a great many people and encourages many others who have been exposed to his magnetic personality—a term that should be reserved for people like Mr Romney. He is no demagogue though he often sounds like one. He is a man of such rock-ribbed integrity and earnestness that a cynical society has difficulty in accepting him at face value. And he is a salesman of awesome talents who is inclined to oversell his wares; this has been apparent in nearly all the manoeuvres that have drawn attention to him in the past few years. For instance, the Rambler, though undeniably a good product, has had difficulty in living up to the extravagant claims that he made for it. His "crusade" to share progress wih the consumer was quietly abandoned after only one month of rebates. And, in his recent negotiations with Mr Reuther, Mr Romney has had to eat some of his words.

When talks on a new labour pact began last summer Mr Cushman, the vice president of American Motors, vowed that AMC would not sign a contract which included either an automatic annual increase for improved productivity or a clause which relates wages to the cost of living index because of their inflationary impact (both of them were originated by and staunchly defended by the General Motors Corporation). Eliminate them, the union was told, and we will offer you a plan by which your members can share in the profits. The profit-sharing scheme was quite satisfactory to Mr Reuther but, since the "Big Three" had already offered to renew both the improvement factor and the cost of living clause, he insisted that these, too, should be included in any agreement with American Motors. Mr Romney had either to accept these terms or let Mr Reuther conclude a deal with the Big Three which American Motors would then have to accept or undergo a strike. He chose the former, and conceded the very clauses whose eliminaion was a condition of the progress-sharing offer.

In claiming that the agreement does not increase the company's labour costs, Mr Romney is once again overselling his wares. But while his fellow businessmen may reproach him for this trait of his personality, the voting public probably never will. In politics, the product that he will be selling is himself: an articulate, imaginative, vigorous man (he trots round the golf course at dawn, winter and summer, for pre-office exercise) of impeccable rectitude. He is president (the equivalent of bishop) of the Detroit branch of the Church of the Latter Day Saints and he fulfils the obligation of all good Mormons to give 10 per cent of their income to the church. He neither smokes nor drinks alcohol or coffee; he was a missionary overseas in his youth and once preached in Trafalgar Square. His career has included being a congressional employee and a lobbyist in Washington and few businessmen of his standing have such a detailed knowledge of the processes of government.

At the moment Mr Romney's great desire is to create a third force in American politics which would be a vehicle not for political adventuring but for rallying public opinion against bigness in both business and labour. Mr Romney does not approve of bigness. But, because of the kind of man he is, everything in which he gets involved starts to roll like a snowball, growing in size as it gathers momentum.

New Jersey's Choice

NEXT month the voters have to choose a new Mayor of New York and new Governors of Virginia and New Jersey. It is fairly safe to assume that the Democrats will—as usual—win in New York City and in Virginia, but Mr James Mitchell, the Republican candidate, seems almost equally certain to defeat his opponent, Mr Hughes, and put an end to an eight-year period of Democratic rule in New Jersey. Mr Mitchell was President Eisenhower's Secretary of Labour for nearly eight years, and in that role earned the respect of both management and workers; he is also a Roman Catholic. He can thus expect to make inroads on two traditional sources of Democratic support, although Mr Hughes, his opponent, is himself Roman Catholic. Mr Mitchell can also expect to benefit from the resentments inevitably provoked in two terms of office even by the popular Governor, Mr Meyner (who is debarred by law from running for a third term). But above all, Mr Mitchell is a national figure ("A big man for a big job," proclaim his campaign posters) while Mr Hughes, a lawyer by profession, is still little known in the state, in spite of 60,000 miles covered and 100,000 hands shaken since his campaign opened in the spring.

Mr Hughes has done his best to overcome these handicaps by accusing Mr Mitchell of knowing little about New Jersey's problems because of his long sojourn in Washington, and by offering to prove this in debate with his opponent. Mr Mitchell, who advised Mr Nixon (wisely, as the event proved) not to meet Mr Kennedy on television last year, has refused to give his opponent publicity by accepting this invitation, and has done his best, by issuing a stream of proposals, to prove that he is as well-informed about New Jersey's problems as possible. His programme, like that of his opponent, is broadly benevolent; but like Mr Hughes, he is cagey as to how he intends to pay for it—New Jersey does not tax sales or incomes, and neither party dares to suggest that it would introduce such novelties, except as a last resort.

President Kennedy's popularity not being the real issue of the election, the Republicans stand on the whole to gain more than the Democrats from victory. It would hearten their forces for next year's congressional battle, and it would put an end to the growth of Democratic strength in New Jersey, which has been marked since Governor Meyner's first victory. It is recognition of this, as well as a desire to help an old friend, that brought General Eisenhower into the campaign last week. He was greeted with all the old enthusiasm, which cannot have injured Mr Mitchell's already good chances, especially as the Democrats' big draw, the President, scenting the possibility of defeat afar, shows no intention of risking his prestige in a similar foray. He has sent three cabinet ministers instead.

Family Living

IN 1959, a man earning a salary of about $7,000 in Washington, DC, the national capital, could support his wife and two children on a "modest but adequate" scale of living for $6,147 a year. To do so, his wife would have to do all the cooking, cleaning and laundry without paid help. The budget covers rent for a five-room dwelling equipped with private bath, central heating, gas or electric cooking stove, refrigerator and a washing machine. The $6,147 includes outlays for taxes, social security payments, life insurance and participation in group medical plans. In addition, it provides the family with funds to buy a used car once every three years, to maintain a television set, and to pay for a telephone and varying amounts of other incidentals such as tobacco. This "City Worker's Family Budget," included in a study of twenty major cities in the United States by the Department of Labour,* is not a minimum subsistence budget nor does it attempt to show how the income should be spent; it is below the average for this type of family but is an estimate of the total cost of a representative list of the goods and services considered necessary by such a family.

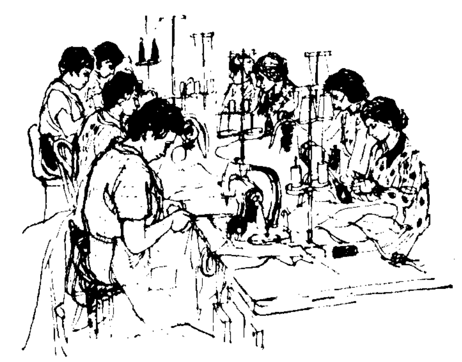
The study, when compared with a similar one made in 1950, reflects sizeable increases in both standards of living and in costs. In 1950 the same Washington man was making approximately $4,838 of which, the department said, he would need $3,926 to support his family of three modestly but adequately. In 1959, this family was eating more meat and fish and drinking more milk; and it was spending more on medical expenses, housing and other things.

In 1959 the total cost of the budget varied with the city as is shown by the examples given in the table; Houston, Texas, was the cheapest of the twenty cities to live in, Chicago, Illinois, the most expensive. One of the major factors was the cost of renting a house, which represented from one-fifth to one-quarter of the total; although in most cities the majority of families of this type own their houses, there were no suitable statistical means for estimating comparative costs of home ownership. Food costs also varied with regional differences; the pattern of food consumption in the South meant that the food budget was lower there, while the amount spent on food was highest in the Northeast.

THE CITY WORKER'S BUDGET IN 1959

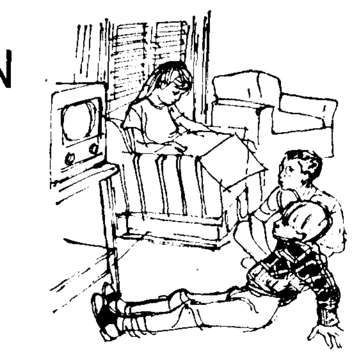
	Houston $	New York $	Washington, DC $	Minneapolis $	San Francisco $	Chicago $
Food and drink	1,486	1,853	1,684	1,647	1,795	1,751
Rent, heat, etc.	941	1,013	1,226	1,150	1,079	1,386
Other goods and services	2,195	2,182	2,289	2,368	2,467	2,470
Other costs	258	273	258	258	294	258
Personal taxes	490	649	690	758	669	702
Total	5,370	5,970	6,147	6,181	6,304	6,567

* *Monthly Labour Review*, August, 1960.



WOMEN AT WORK

FROM A SPECIAL CORRESPONDENT



RECENTLY President Kennedy raised the head of the Women's Bureau of the Department of Labour to the rank of Assistant Secretary. The post (a political appointment) is not one of great influence but the upgrading is an acknowledgement by the Administration of the ever-increasing importance of women in the American labour force. In July, 1961, a third of American workers were women; this represented a rise of almost a million over July of last year, in a period when employment in general was slack.

Mr James Thurber, asked to forecast the future, once said that he could only predict that women would get larger and that there would be more of them. Where the female American worker is concerned his prediction has come true already. They are larger (or at least heavier) because they are older and their numbers are rising steadily. At the beginning of this century, though American women were emancipated by the standards of that time, they made up only 17 per cent of the labour force and less than one-fifth of American women worked. During the war against Hitler the proportion went up to nearly 40 per cent in both cases. There was a drop after that but the numbers started to rise again with the Korean War and have gone on rising.

The changes in age and status have been striking. The typical working woman of 1900 was either very young or a spinster, employed in industrial work at home or in a domestic job. Mrs Esther Peterson, the new Assistant Secretary of Labour, is an embodiment of the statistics. She is 54, married (her husband is a State Department labour expert) and has four children. A modern American woman is most likely to work between the ages of 45 and 54 and 54 per cent are classed as "married, husband present." Spinsters seem to be relatively fewer and marriages are made younger, thanks either to the affluent society or the somewhat contradictory expectation that a wife will work for the first few years of marriage. In fact a pattern seems to be developing in female working life: a job after leaving school or college, marriage at an average age of about 20 and a couple of years of paid work, then the woman drops out of the labour force with the birth of her first child. At 35 or so, when the youngest child is in school, she is likely to reappear in the job market and by the age of 45 there is an even chance that she will be employed.

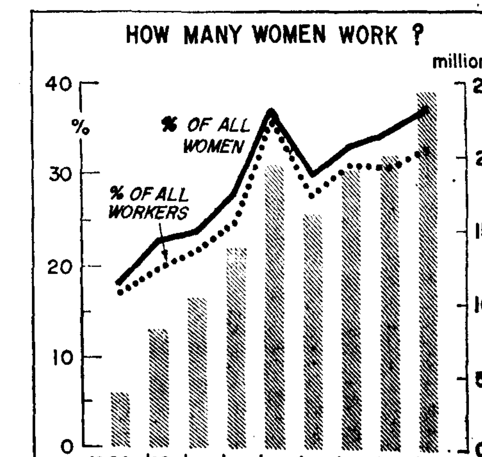
If the trend is toward the working wife, it is almost equally toward the working mother too, no matter how moralists rail at them or pundits relate them to the rise in juvenile delinquency. In March of last year, 8 million mothers of children under 18 were in the labour force, compared with 4 million in 1950 and about 1 million in 1940. Not all of them work from grim necessity: a quarter of the women with children between 6 and 17 and husbands with an annual income of $7,000 or more were out earning. Indeed there is a special incentive to go out to work in the middle-class family.

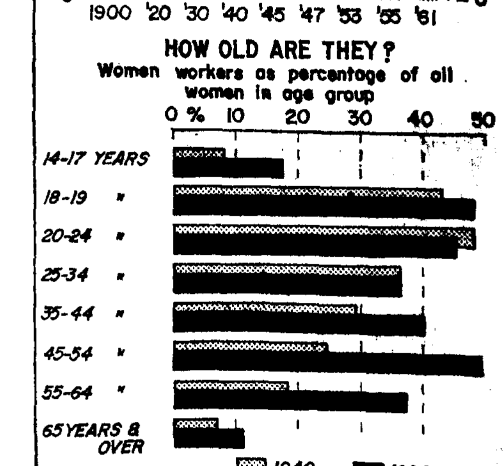
Such a family wants to send its children to the best college it can afford. Even with some help from scholarships, it costs around $12,000 to put a boy through a first-class private college, a terrifying sum to a low-paid government worker, teacher or other professional man. This sudden addition to the family expenses, justified by prestige and the graduate's subsequent earning power, can be coped with only if the mother works. Once the financial crisis is past, she may take up her home duties again; on the other hand she may decide to keep on working long enough to qualify for retirement benefits under the social security system.

The out-again-in-again pattern of women's work poses problems for employers and educators. Some occupations, especially those which are traditional with women, may not demand much retraining. Assembly line work in factories, retail selling, elementary teaching, professional or practical nursing and many kinds of office jobs can be resumed without much trouble, though the rapid increase in the use of complicated office machines and computers has brought problems of retraining and not just for lapsed workers. More than a quarter of all women employees are in clerical and office jobs, about 3 million are in non-household service jobs (waitresses, office cleaners) and another 3 million have semi-skilled factory jobs. Retraining can be done while at work or at a government-supported night school. Many will continue to work only part-time or part of the year, while the children are at school or during the Christmas rush. The high turnover of female labour (about 16 per cent above that of men) disguises the total size of the working force, which is probably around 30 million in any one year.

In more highly skilled occupations the female working pattern is a source of national concern, especially to the women's colleges. Women get less schooling than men even in egalitarian America. They attend high school in the same proportion but only a third of the bachelors' and masters' degrees awarded by American colleges are won by women and half of those are in education. Relatively few women enter professions like law or medicine or study the preferred masculine subject, business administration. Those who do are apt to stay in their jobs through marriage and child-bearing, probably because they earn enough to make it profitable to employ help. A full-time nanny can earn as much as a graduate teacher.

A women's college, however, must reckon that most of its graduates, expensively and carefully stuffed with knowledge and skills, will retire after a very few years of doing what they were trained to do and become split-level housewives for their most creative years, the years of their early maturity. The shortage and high cost of domestic help mean that most young housewives must resign themselves to a period of captivity at home. Heads of women's colleges are continually holding forth on the best ways of making this adjustment; some emphasise the importance of rearing clever children and urge their charges to resign themselves to the inevitable, while others insist that they fight it and take the place in the world to which their higher education should entitle them and in which they are badly needed, with the current shortage of trained graduates for many vital jobs. Recently Radcliffe College broke new ground with its Institute for Independent Study which gives part-time scholarships and access to the college's facilities to highly qualified women with family responsibilities who wish to get back into the intellectual swim.





Source: Women's Bureau, Department of Labour

HOME REPORT

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

The Battle of Petty Cury

FROM OUR SPECIAL CORRESPONDENT

But better planning than Oxford's

CAMBRIDGE was a market town before its university was thought of: today its university shoppers and seekers-after-culture have made the city into a regional capital, offering the East Anglian hinterland a range of goods and services far above what might be expected of a community of under 100,000 souls. But the briefest Saturday afternoon glimpse of the picturesque huddle that is the centre of Cambridge proves that, for shopping, it has reached capacity. Jostled by country Mums, menaced by bicycling undergraduates, obstructed by dons' jalopies or the subsidised Jaguars of East Anglian farmers, the Cambridge shopper is a hunted being.

Firm planning in the postwar years enabled the city, unlike Oxford, to keep at bay the rising tide of heavy industry; and the (now barely adequate) prewar relief roads ensure that most of the through-traffic passes round the city rather than trying vainly to thread between the colleges. But the Cambridge brand of congestion is as bad in its own way. The streets cannot be widened without knocking down or defacing various architectural gems: enclosed in a ring of colleges and historic open spaces, the inadequate shops cannot expand, or even devise ways of unloading their deliveries at the back of the premises. Something must be done, but, as ever, town and gown are incapable of agreeing on what it should be.

The natural site for expansion might seem to lie on the south side of Petty Cury. Here stands a rather ramshackle former coaching inn, the Lion Hotel: behind it is an area of some eight acres occupied largely by an open-air car-park belonging to the city, with a few ill-housed small businesses. This under-employed site, known as the Lion Yard area, abuts on the present huddle of shops in the town centre. In 1958 the city sought planning permission to redevelop almost the whole of it, between Petty Cury, St Andrew's Street, Downing Street and Corn Exchange Street. Its application was turned down after a planning inquiry, on the ground (advanced by the university) that high blocks and extensive shops would attract more traffic than the existing approach roads could hold.

The city now complains that the official inspector did not understand its proposals: it is to try once more for a less extensive development of the area that would merely give room for the existing central-area shops to expand, without greatly increasing the total amount of trading. The university argues that, given the inevitable geographical and cultural attractions of the city, such an expansion would soon attract more shoppers than it could hold from the rapidly expanding towns near Cambridge: the present congestion would simply be pushed into the future. The county council, which is in charge of the city's planning for as long as Cambridge fails to secure the status of a county borough, is on the city's side: and there is now a joker in the pack in the form of Messrs Cotton and Clore, who have bought the Lion Hotel itself, but have not declared their intentions.

The university, having for long opposed the city's proposals without advancing a positive alternative, is now backing to the hilt an ambitious plan that could, it is claimed, solve the whole dilemma. This is to shift bodily the main shopping area out of the historic centre of the city and develop a new one nearer to the geographical centre of Cambridge the non-university town, in what is called the City Road area. This already contains a few sad, largish stores along Fitzroy Street, but mainly it is as obvious an area of urban blight as the Lion Yard. Development here would eliminate the need for an expensive new bridge and "spine relief road" leading across the Cam and into the city centre: this, proposed by the county, has for long been opposed by the university (cynics say because it would destroy one of Jesus College's hockey pitches). Access to the City Road area could be provided by improving the existing road across the Cam by Victoria Bridge from the north and west, and by a new Chesterton Bridge further east. But the overworked county planners have stuck by their Lion Yard scheme, despite some recent signs of rethinking.

There are obstacles in the way of the City Road scheme. It would be necessary to remove and rehouse over 1,000 households and 200 businesses, 12 of which are fairly large. Capital would have to be found for the quick redevelopment of an area of 65 acres. The big stores at present in the historic centre of the town would have to be persuaded to move—a shopping centre in England is nothing without Marks and Spencer, Woolworths, Boots and Sainsburys (although their present premises are so inadequate that not much persuasion might be needed). But if the move were made the historic centre could house the low-turnover specialist shops—bookshops, tailors, high-class grocers—that might thrive even more without the mass shoppers and as a result of lower site-values.

The Lion Yard itself could then provide a site for the concert hall that is so sorely needed in Cambridge: in the knowledge that this would be a heavy burden on the rates, plans have been drawn up for a combined concert hall and examination school, so that the university could bear some of the financial burden of building and upkeep. (The idea brings a gleam to the eye of some bursars, mindful of the profitable hotel accommodation their colleges could supply to conventions and conferences using such a hall during the vacation.)

But the university's most pressing argument is that its plan could enable Cambridge to remain a regional capital in an area of England whose population is likely to increase rapidly in the next couple of decades—without unduly increasing the population of the city or interfering with the life of the university. The city and county authorities sometimes seem mesmerised by the figure of 100,000 as an absolute maximum for Cambridge's own population, but growth in the surrounding countryside is coming whatever anybody does. It is a new thing for a British city to shift an entire congested shopping area to a site where it can expand. But, in the words of an enthusiastic don: "If Cambridge can't do it, who can?"

An Island Like Tristan?

FROM A CORRESPONDENT IN GLASGOW


Orcadian periphery · with subsidy

THE Colonial Office has decided that the 270 former inhabitants of Tristan da Cunha must have at least a month's privacy in the Home Counties in which to ponder their personal and collective problems of rehabilitation. Shetland and Orkney, which have been strongly favoured as the islanders' destination, will thus have to wait almost until Christmas before knowing whether they are to be partially recolonised from the South Atlantic.

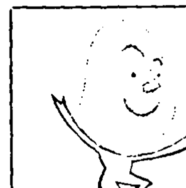
Those who feel sure that most of the refugees will finally opt for Scotland include Mr Jo Grimond, MP for Orkney and Shetland, Sir Irving Gane, chairman of the Tristan da Cunha Appeal Fund (which was first launched 76 years ago) and Mr Sidney Glass, the Tristan leader of Scots descent. Sir Irving, however, is not so confident about the younger generation. The Tristan da Cunhans are appreciably more sophisticated than they were before the war, and he thinks, now that the volcano has enforced the physical break, that the young ones may be less keen to resume island ways.

The Shetland and Orcadian interest in getting new blood is obvious: their own young people have steadily drifted south. Shetland's population fell by 8 per cent in the last decade and Orkney's by 11.8 per cent. But are these the kind of statistics to induce the refugees to put their roots down in North Yell or Unst, or in the North Isles of Orkney, where community life is almost finished? The larger, "mainland" islands, especially the Orcadian mainland, are prosperous enough, but it is impossible to make a good life around the periphery where bad communications abound, and it is only there that island land is at all readily available.

One capital point that the local authorities seem to be banking on is that the refugees cannot be resettled (either as a single colony or in groups conveniently dispersed in neighbouring areas) without Government assistance—or without an expert examination of the local economy to find out exactly how the newcomers can be fitted in. The Shetlanders, particularly, feel it would be splendid if the Government produced a comprehensive scheme that would allow both refugees and Shetlanders to live profitably and contentedly in the non-mainland part of the archipelago.

The northern and western islands of Scotland are said already to float on seas of subsidy and to be totally encompassed by advice, but the truth is that the island peoples are less affluent than most—and, as a result, decline steadily. From time to time there are specific aid projects, such as the Scottish Office's recent decision to spend £500,000 on modern steamers to serve Orkney's North Isles, but the familiar complaint is that there is no comprehensive plan to cure the sick economy.

The Scottish Department of Agriculture has told the Colonial Office that it is ready to assist the Tristan resettlement. The Colonial Office, in return, has said that its social survey department will study the entire rehabilitation operation and publish its findings as a contribution to solving the problems encountered by migrant communities. It is possible that the refugees will survive the northern climate, only to be defeated by the chill island economy unless the communities they join are made more viable. As St Kilda and Soay have shown, there are other ways for islands to die than by volcanic eruption.



Chip on his shoulder

OVERPRODUCTION is the abiding terror of farmers, and most of them have been only too happy to fall in with the Government's compulsory marketing schemes which have become entrenched in the past decade in the fields of hops, milk, wool, eggs, tomatoes and cucumbers, and potatoes. Some, however, either individualistic or unconvinced, resent the coercion of the board and kick bitterly against the levy imposed on them for their enforced membership, as well as the excess contribution (i.e., fine) for producing more than what the board deems to be their quota for the season.

The Potato Marketing Board plans to raise its levies from £1 to £3 an acre, and its excess contributions from £10 to £25 an acre, much to the indignation of Mr Jack Merricks, who, firmly anti-board in any case, managed to get himself elected in place of the outgoing chairman three years ago, when the four national seats (out of 29) came up for refilling. Once on the board, Mr Merricks upheld his election promise to oppose the wasteful expenditure of farmers' money, presumably to the irritation of the other members, all official candidates of the National Farmers' Union.

Last Monday, however, the elections for three of these seats came round again, and Mr Merricks stood again, after a campaign of great fortitude and enterprise in the course of which he spent nearly £1,000 on publicity and damned the board as the ruination of farmers. He offered a grim personal illustration: the £380 his 60 to 80 acres of potatoes had cost him last year in excess contributions and the £1,000 they would cost him this year if the increases went through.

But fortune was against him. The NFU drummed up support for its official candidates (though they paid their own expenses) and overcame some of the apathy which had cost it the seat last time: the percentage poll rose from 17.4 in 1958 to 25.4, which is better than most boards can expect; and in its favour, too, was a weighted voting system by which large farmers have more say than small farmers. Mr Merricks failed, and with him failed the only other opponent of the NFU candidates: out of 52,000 votes, Mr Merricks polled 10,500, the other independent 4,000, and the NFU men more than 12,000 each. In a post-election manifesto Mr Merricks deduces that the NFU ganged up on him, and expresses regret at its tactics. So far, however, he remains a union member.

THE WORLD OVERSEAS

Allies after all: Herr Mende, Dr Adenauer

Dr Adenauer Again

FROM OUR BONN CORRESPONDENT

In spite of last minute wrangling, everything looks arranged for the re-election of Dr Adenauer as federal Chancellor next week and consequently—so at least he himself would say—for preserving the continuity of his foreign policy. Dr Adenauer has maintained his ascendancy by a remarkable feat of canny, resolute and almost single-handed manœuvring. The swing of majority opinion against him, registered at the polls on September 17th, had been set in motion mainly by first reflections on the meaning of the barriers that went up in east Berlin on August 13th. Suddenly there were widely felt misgivings about the old man's judgment.

His course appeared to have led after all to increasing danger for Berlin and to a receding into the remote distance of any prospect of German reunification: the precise opposite, that is, of the declared objectives of the Federal Republic's foreign policy. Intoxicated by their election gains, the Free Democrats began by insisting that Dr Adenauer's hand must be removed from the helm. They have since humbly settled for a verbal assurance that he will withdraw it some time before 1965 (probably in 1963), and for some—still rather vague—arrangements for giving them a bigger say in foreign policy. The Chancellor is stoutly resisting their demand that Herr von Brentano should quit the foreign ministry in token of the government's readiness to think anew about old problems. Within a few days—before there can be time for proper consultation with the Free Democrats—Dr Adenauer will be setting off once again for Washington in order to restate his ideas of continuity to President Kennedy.

Partly for reasons of coalition tactics, partly for plain want of bearings, the Free Democrats have as yet little more than hinted at a new direction they would like German foreign policy to move in. They talk of " normalising " Bonn's relations with the countries of the eastern block and, more intriguingly, of pursuing Dr Gerstenmaier's suggestion (at the closing session of the last Bundestag) that the two German states might at least tentatively approach each other with the object of discussing the possible military status of a reunited Germany. Through five ministers in the cabinet, possibly a minister of state at the foreign ministry, and their deputies participating in the weekly meetings of a new Bundestag coalition committee, the Free Democrats hope to exert an appreciable influence on the framing and execution of foreign policy. But Dr Adenauer and Herr von Brentano are evidently still of the firm opinion that the two courses of action so far known to be contemplated by the Free Democrats would only help further to consolidate the east German regime. Both impenitently uphold the Hallstein doctrine, which excommunicates from Bonn all governments (Moscow excepted) that maintain diplomatic relations with east Berlin. And more than once during the election campaign Dr Adenauer dissociated himself from Herr Gerstenmaier's idea of a modest all-German reconnaissance.

President Kennedy has said he is hoping to hear from Dr Adenauer what ideas the new Bonn government has for helping the West to satisfy—as painlessly as possible for Germany as a whole—the Soviets' importunate demand for " a satisfactory solution to the German problem." It is possible that in the privacy of the White House the Chancellor will admit that the time has come to look some awkward facts in the face, and that he himself expects the western allies will soon be meeting Mr Khrushchev part of the way. But Dr Adenauer is no readier now than he has been before to offer his government's ratification to what may be done. There is, for instance, circumstantial evidence that, despite some of their weekend speeches, both Dr Adenauer and Herr von Brentano have in their hearts written off the eastern territories, where some ten million Germans used to live before the war. But should west Germany be asked to recognise the Oder-Neisse line for the sake of peace and quiet, they are not going to change their view that a freely-elected all-German government is alone legally entitled to do so. And, whatever Herr Gerstenmaier and the Free Democrats may have in mind concerning the military status of a reunited Germany, Dr Adenauer's government is still resolutely opposed to all schemes for military disengagement or for keeping nuclear weapons from the Bundeswehr. The most it is at present prepared to agree to would be the delimitation of an extensive area in central Europe from which the danger of surprise attack might be reduced by a system of inspection.

In the matter of Berlin, Dr Adenauer is opposed in principle to making any concessions at all, being convinced that any loosening of west Berlin's political and economic ties with the German federal republic would have mortal consequences. As for the existing east German regime, recognition is out of the question for any west German government. The farthest Dr Adenauer's government is prepared to go is to act as an agent of the allied powers in cultivating technical contacts with the east German authorities, primarily for purposes of trade and travel; these contacts just might be extended to the drafting of an all-German electoral law. For reasons of personal conviction and political expediency Dr Adenauer is bound to reject any other concessions that may be mooted. It remains to be seen whether the Free Democrats will have the ideas and the authority later on to initiate some experiments in German co-existence that might help to alleviate conditions in the east German state and lessen east-west tension.

From the national and party political point of view Dr Adenauer's intransigence is quite understandable. Yet its possible consequences are making many thoughtful Germans uneasy. Appreciating that some concessions at Germany's expense are unavoidable, they fear that public disillusionment may take ugly forms. The editor of the Hamburg paper *Die Welt*, rebuking the nation as a whole for its slow comprehension of what is happening, has remarked that the German people " must accustom themselves to their new insecurity after their almost absurd faith in the strong uncle in America and the wise father in Bonn has given them a hybrid measure of security, self-assurance and political indifference." The German character being what it is, he has pointed out, " there is a danger of the Germans feeling sorry for themselves and pinning responsibility for everything on the wicked world."

Blaming the foreigner for what the future may bring has already begun. This week the *Frankfurter Allgemeine Zeitung* reproached the West in general and the Anglo-Saxons in particular for encouraging Mr Khrushchev's expectations by brandishing "cliché conceptions of the German past" in order to prove that there are still ominous traces in Germany of an aggressive military spirit; and this in spite of federal Germany's enthusiastic contribution towards European integration. The newspaper recalled that the failure of the outside world to trust the leaders of the Weimar Republic had contributed substantially to its collapse.

Bilingual Doubletalk

FROM OUR CORRESPONDENT IN BRUSSELS

BELGIUM rivals England in the frequency of its marches and demonstrations. While the British, however, get wet feet and cold posteriors for the sake of world issues such as the bomb or apartheid, the Belgians set their sights strictly nearer home; often the target for their indignation seems to be their own compatriots. So it was in 1950 when the return from exile of King Leopold III brought thousands on to the streets, and again in the mid-1950s

Youth and ancient wrongs

when the rival claims of church and state over education almost tore the country in two. During last winter's strikes a Socialist march through Brussels became an almost daily event. Unfortunately, none of these past explosions of feeling can now be written off as a dead letter; all of them remain alive in the public memory, and they helped to generate some of the complex emotions that brought fifty to sixty thousand Flemish Belgians into the heart of Brussels last Sunday.

Although 57 Catholic deputies and some hundred burgomasters accompanied the marchers, the Flemings insisted that their demonstration was a social rather than a political protest; it was directed against their status as "second-class citizens in their own country." They feel that Belgium is dominated by their French-speaking compatriots, in spite of the fact that the Flemish outnumber the Walloons by a million and a half. For three hours they marched, grimly conscious of their numbers and of innumerable ancient wrongs; yet the exuberance of the young turned the affair into something of a kermesse.

The young are the crux of the problem. Flemish families outside the industrial complexes of Antwerp, Ghent and Malines usually have four or five children, against an average of one child per family in the Walloon South. Agriculture, the traditional northern occupation, offers a dwindling source of employment and sets a general wage level lower than that of the Walloon coal and steel complexes. The northern areas suitable for industrialisation—around the Limburg coalfield and elsewhere—have lacked capital investment, thus forcing Flemish workers to travel long distances to their jobs. The construction of a huge steel plant at Zelzate, near Ghent (though resented by the Walloons), will help matters, but Flanders has long-standing economic grievances, and the fact that the Walloon areas now also suffer from under-investment and under-employment does not lessen the Flemings' genuine claims.

But close to the heart of the matter is the non-economic fact that the consequences of the language settlement of 1932 are now beginning to be felt. In that year Belgium was divided linguistically into two regions along an east-west line running roughly from Menin to Tongeren; those north of the line subsequently received all their school and university education in Flemish (a tongue almost identical with Dutch), those south of it continued to be taught in French only. Now a generation of young Flemings has grown up with a purely Flemish culture and outlook; and although the days when they were ruled and scorned by a French-speaking bourgeoisie are officially over, they resent the discovery that they still need French if they are to make their way in Belgium. They complain that the best jobs in the theoretically bilingual civil service, in finance and in the armed forces are still held by French speakers, and they are deaf to the plea that Belgium needs this world language for the foreign contacts on which its position and its economy depend. They feel themselves "intellectually and materially crippled . . . slaughtered . . . a case of mental genocide."

This wounded *amour propre* is further inflamed by religious fervour. There were no priests in last Sunday's procession, but the Church undoubtedly still plays a great though waning part in the life of the traditionally pious Flemings. Until quite recently young parish priests were openly anti-French and thundered regularly from their pulpits against the evil example of their godless republican decadent neighbour. Even now their slogan of the 1930s,

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Alles voor Vlaanderen, Vlaanderen voor Kristus (All for Flanders, Flanders for Christ), still appears each morning on the cover of the leading Flemish daily. The force of this combined social and religious feeling is one that no Belgian government would dare to under-rate.

Since the death last August of the Archbishop of Malines, Belgium has been without a Primate. Because of the great size of the archbishopric and because of the widening breach between the two halves of the country, there is talk of appointing two successors, one Flemish and one Walloon. It is a difficult decision for the Pope to make, for if he throws the cross into the scales, or appears to do so, he may well tip the balance away from Belgian unity towards the long-heralded creation of a federalist state.

Many Flemings favour federalism, as do the Socialists of the growing *Mouvement Populaire Wallon*—even though federalism does not mean the same thing to the two sides; but if the separatist movement grows the dispute will continue to be centred on the capital, already an apple of discord. At present Brussels, historically Flemish, is predominantly French-speaking, but is surrounded by Flemish villages which are rapidly becoming dormitory suburbs. Most new suburbanites speak French, but because of the 1932 laws are obliged to accept Flemish as the language in which they pay their rates, buy their stamps and, more controversially, have their children educated. Legally, bilingualism must be introduced into any commune whose ten-year language census

Continued on page 357

Swaziland Shelter

For many South Africans, Swaziland is a sunny, hilly place; a haven to visit on a honeymoon, on a romantic weekend, or on the run from the political branch of the police. It is a spot for a farm to retire to; a fall-out shelter from apartheid. For the British Government, Swaziland is something different: one of three protectorates that must be used to demonstrate to white South Africans that their way of doing things is, perhaps, not the best. In Basutoland and Bechuanaland the Commonwealth Relations Office has arranged timid constitutional steps forward; in Swaziland the arrangements are now being made. The danger is that in this case timidity may lead the CRO directly up Dr Verwoerd's garden path.

Mr Sandys appointed a constitutional committee in November, 1960. Last month Sir Charles Arden-Clarke was sent out to advise the committee. Its report will probably appear at the end of this year, or perhaps at the beginning of next. Things have not gone smoothly—already the leader of Swaziland's African nationalist party, Mr John Nquku (the "q" is a champagne-pop click) has arrived this week in London to lobby the British people.

Mr Nquku was born and educated in South Africa. He was an inspector of schools before becoming a full-time politician; now, at 59, he is both a member of the South African Liberal party and head of his country's few thousand black nationalists. It is mostly the educated Swazis who follow Mr Nquku, and there are not many of them; his party claims a membership of 3,600. For many years he was president of the Swaziland Progressive Association, a social club for educated Swazis that was formed in 1929 with the encouragement of the British.

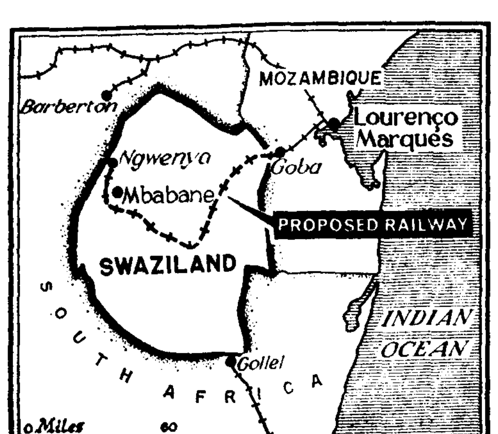
In those years he also worked closely with the real black power in Swaziland: the Paramount Chief-in-Council (the Ngwenyama in Libandhla). Most of the 250,000 Swazilanders swear allegiance to this traditional tribal body; indeed, in theory, the heads of all their families belong to it. In practice, they are ruled by Sobhuza II, a bearded patriarch of 72 who has run Swaziland's tribal kingdom for 40 years and who traces his Dhlamini dynasty back for four centuries. He has been a wise king: he has bought many thousands of acres of his country's land and holds it, fallow, in the name of the nation. The result is that only about 43 per cent of Swaziland is held privately by Europeans; even so there is a serious land tenure problem.

Paramount Chief Sobhuza's idea of constitutional advance is to raise the status of the present European advisory council (representing the territory's ten thousand Europeans) so that it may sit as an equal alongside the Ngwenyama in Libandhla. He has insisted that while the Europeans may have their democracy, the Africans must retain their ancient way. The effect of this would be to divide power between the African tribal authority in the black part of Swaziland and the European tribal authority in the white part. Some of the overall power at present exercised by the British Resident Commissioner, Mr B. A. Marwick, would pass to this new council. With one leap Europeans would jump to a position of considerable political power.

This form of government, however, would be a microcosm of Dr Verwoerd's system of "separate development." Its major fault is that it fails to take account of the (comparatively small) number of educated, modern-minded, Swazis; and that it leaves little room for their influence to grow as they grow in numbers. These are Mr Nquku's Swazis; they have formed the Swaziland Progressive party to fight for their case.

Mr Nquku and two other SPP members sat on the constitutional committee until May. They were there as members of the Swazi nation, not as party representatives. When they made suggestions outside the framework of the Chief's wishes, they were suspended. Cannily, they retained Professor D. V. Cowen, of Cape Town University, to advise them what to do next. (Professor Cowen did the same thing, successfully, for the Basuto four years ago.) His Swazi report appeared in Cape Town a month ago, and is made on behalf of the SPP and the mixed-blood coloured people in Swaziland. It is a comprehensive and well-argued document.

Professor Cowen points out that the Europeans in Swaziland must choose between Swaziland nationality, or South African. Many of them at present have a foot—and a vote—in both camps. In this, the professor is with Dr Verwoerd, who has said that the High Commission territories can no longer be considered as future South African "Bantustans" but must instead be looked on as foreign countries.



But if the CRO chooses the path of easy virtue and acquiescence in all of Sobhuza II's constitutional, and racial-minded, plans, a Bantustan is what Swaziland will be. Professor Cowen proposes, as an alternative, that Sobhuza be elevated from a tribal chief to a constitutional monarch. The king would, provisionally, nominate about a fifth of the members of the new legislative council. Another fifth would be officials and British Government nominees; the rest would be elected on a single common roll for all races, based on adult franchise; or on one such roll plus an "upper" roll. Mr Nquku and his party are putting forward their adviser's plan as a compromise; as one that will meet the demands of traditional society, make room for white Swazilanders, and allow for speedy development to a more orthodox democracy. The SPP has also suggested alternatives, as compromises, to this plan. It asks too for a Bill of Rights to use against the territory's racially-discriminating laws. The job of the CRO must be to lead its local administration, Swaziland's Europeans, and the tribal hierarchy along this path. The mainly South African-minded Europeans of Swaziland are as strongly against this idea as is Sobhuza II. South Africa's economy embraces Swaziland. The two monetary systems are inextricably bound up. Now, a railway 140 miles long is to be built at a cost of £9 million, some of which will come from the Anglo-American Corporation of South Africa. The railway will take iron ore (and other products) to the Portuguese territory of Mozambique; from the border it will travel by rail to the port of Lourenço Marques. From there it will be shipped to Japan, under a contract signed with the Yawata and Fuji iron and steel companies.

This will give Swaziland a state-owned railway, several new industries (Anglo-American's contract for iron ore is worth £40 million over ten years); and a chance of real viability. A British Government economic survey mission reported 18 months ago that if its recommendations (costing £2,667,260) are adopted, viability will be a near certainty. The British Government has not been able to find quite as much as that; £1 million has been spent so far.

These economic plans will make Swaziland something more for some South Africans: a place to make money in. But it depends on the political plans—and on a courage that the CRO has not so far demonstrated—whether or not the territory will be the genuine shop-window of the British way that it should be, and that the CRO tells itself it is intended to be.

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shows the population ratio to warrant it; but the Flemings passionately oppose this on the grounds that the soil of "mother Flanders" is sacred—it is up to the newcomers to learn Flemish if they wish to remain. To this their opponents retort that such application of the *ius soli* ties them to the soil as if they were serfs.

Both sides feel so passionately about the language question that the government fears to tackle it. Indeed, the Flemish-Walloon rivalry now bedevils so much of national life that the government's plans for long-needed decentralisation, capital investment, fiscal reform and the rest are being gravely hindered. As the Flemings triumphantly said after last Sunday: "Nothing can be done now against us or without us." Numerically superior, they seem to wish to dominate as they once were dominated; above all, they want to feel at home in Brussels, which is steadily becoming the most European of cities. The banners they carried last Sunday said "Brussels must be bilingual." Was this doubletalk? What they all shouted was "Brussels must be Flemish."

Athenian Permutations

FROM OUR ATHENS CORRESPONDENT

THE Greek general elections tomorrow, October 29th, will be unusually important. The results will determine whether Greece is going to go on enjoying governmental stability, whether the Centre—the political backbone of the nation—can be revived, and whether communism in Greece is above or below the safety limits imposed by the country's western outlook.

The disposition of forces is clear. Mr Karamanlis and his National Radical Union (ERE), who have administered the country for six years, polled 41.6 per cent of the total vote in the last elections three and a half years ago. The Centre Union led by Mr Papandreou is essentially a last-minute alliance of the once powerful Liberal party, incorporating some isolated right- and left-wing groups, and with the well-disciplined Progressives of Mr Markezinis. These stood separately in the last elections, but their votes put together added up to 32.8 per cent of the total. The pro-communist EDA now running under the innocuous title of PAME (All-Democratic Agrarian Front) has a few non-communist candidates with well-known names—this was the best that EDA could do after the Centre's rejection of its attractive offers for a "popular front." In 1958 EDA capitalised on the divided Centre's loss of prestige and polled 24.4 per cent of the total vote.

The Greeks have a habit of changing their electoral system on the eve of every general election. Not one of the six postwar elections has been held under the same system. This time a modified system of proportional representation will be used. It will not give an absolute majority in the 300-seat parliament to any party polling less than a minimum of perhaps 46 or 47 per cent. Mr Karamanlis and his party, who returned 171 deputies with 41.6 per cent of the votes in the last elections, did so because the previous system awarded bonus seats to the two largest parties. It was in the same way that EDA's 24.4 per cent gave it 79 seats in the last Chamber, whereas the Centre added together returned only 48 deputies because of its disunity. In Sunday's elections Mr Karamanlis not only has to preserve his 1958 following intact, which in itself would be a victory, considering the wear and tear of six years in power; he must also attract a large number of new voters if his party is to be strong enough to rule alone as before. Mr Karamanlis believes he can do this mainly because of the good record of his government, popular appreciation of the political and financial stability it has brought and, above all, because he feels that the last-minute regrouping of the Centre has not inspired sufficient confidence among its more conservative followers. Many of them might therefore side with the National Radical Union in which the parliamentary élite is of Liberal extraction and which anyway has no ideological differences with the Centre.

Mr Karamanlis has many other advantages. The possibility of a world crisis or of a further worsening of Greek relations with the communist block, coupled with the presence of a sizeable communist following in Greece, should ensure a middle-class following for the strong government which has already shown that it can give them security. The Centre has both the advantages and the disadvantages of being composed of excellent men of politics. These could certainly give a far more effective performance as individual ministers than Mr Karamanlis's team, with few exceptions, has on record. Yet it is this individual excellence that has created the rivalries responsible for the disintegration of the Liberal party and through it of the whole Centre. The Centre leaders believe that although Mr Karamanlis's administration has done well by Greek standards, it has not yet grasped the basic fact that nowadays progress must not only be good, but must be continuously getting better. The Centre leaders have hopes—if not of an absolute victory, at least of a relative one. They believe that the discontented voters from the National Radical Union will join them and they are convinced that they can snatch back from the pro-communists those Centre voters who in 1958 favoured EDA out of disillusionment with the fragmentation of the Centre. Their opponents have repeatedly used the "lost vote" argument, claiming that the Centre's rival groups would break up on the morrow of the elections. The Centre leaders, however, point out that once in power, to split up would be absurd, particularly since they expect that the eventual defeat of the ERE would bring to the Centre several of its deputies. The nationalist parties forecast that the EDA-PAME electoral following will decline to 20 or less per cent, mainly as a result of the reconstitution of the Centre and this party's purely pro-Soviet attitude in the past few years.

The electoral law may deny either Mr Karamanlis or the Centre the chance to form a single-party government, which is evidently what Greece needs at the present stage of its economic development. In this context the key to the problem next week may be Mr Markezinis, the leader of the small Progressive party, whose intelligence is generally acknowledged in Greece and whose popularity has been growing. If Mr Markezinis returns with a sufficient number of Progressive party deputies he might be able to give Mr Karamanlis the working majority he may need in the new parliament. This would be a technically powerful team provided that the explosive characters of the two leaders can be harnessed for the sake of governmental harmony.

Austrian Press Changes

FROM OUR VIENNA CORRESPONDENT

HERR FRITZ MOLDEN, hitherto owner and chief editor of the Vienna daily *Die Presse* has sold the paper and will confine his attention to his printing works and his other publishing activities. Herr Molden took over the independent right wing *Die Presse* from his father ten years ago while he was still in his late twenties. He founded other papers and rapidly became the most controversial figure in the small world of the Austrian press. The hiving-off has been going on for some time. A year ago Herr Molden owned three other newspapers: *Die Wochenpresse*, a weekly which he later sold to an industrial combine, the *Express*, taken over by the Socialists last January, and the *Abend-Zeitung*, which was bought up by Herr Fred Ungart, who is part owner and business manager of the advertising firm IWG (Internationale Werbegesellschaft mbH). Herr Ungart is the new owner of *Die Presse*, and is closely associated with the former Chancellor, now President of the Federal Chamber, Herr Raab.

This sale has caused a minor sensation because *Die Presse* is the only independent right wing paper in Vienna directed at a politically literate readership. Although it is widely criticised as being (a singularly deadly combination) both stuffy and not always reliable, it is the direct successor of the famous old *Neue Freie Presse* which, by a little tinkering with genealogy, can be considered as heir to the *Freie Presse*, child of the *1848 revolution*. Herr Oscar Pollak, the internationally known old-time Social Democrat, has initialled a leading article in his *Arbeiter-Zeitung* in which he laments not only the decline of the liberal tradition of sturdy independence, but also the passing of the wholesome practice of ownership combined with active editorial direction. Herr Molden has been in the habit of contributing to his own papers, but Herr Pollak remarks that Molden was always primarily a manager before he was a journalist. In their small way, he says, these events can be compared with trends in other countries; he mentions Mr Roy Thomson.

> We have watched with concern the battles and mergers, the wholesale shutting down and mopping up in the British press. In Austria we now have a miniature version of the same manager type and his methods.

This is the bitterness of a life-long professional journalist over a man who, he feels, has let the side down. Herr Pollak's distress ought to be slightly mitigated by the fact that feelers put out by intending German buyers were quickly clipped off by the Austrian Press Council, which recently issued a public warning that foreign ownership of a newspaper must on no account be permitted.

Ownership by a publicity expert may improve the layout of *Die Presse*; conservative party influence is less likely to enliven the content. If Herr Ungart can, he might make a start by knocking something off the price. *Die Presse* costs twice as much as its rival the *Wiener Kurier*, a popular-style, vigorous paper with a large circulation. The *Kurier*, with its two editions, has an initial pull over any separately produced evening paper, and has taken swift advantage of the *Presse's* embarrassment by announcing greatly extended international news coverage as well as more local gossip.

Dr Verwoerd's Mandate

FROM A CORRESPONDENT IN SOUTH AFRICA

IN the shadow of Paul Kruger's statue in Church Square, Pretoria, on October 18th, the minister of Bantu administration and development, Mr M. D. C. de Wet Nel, welcomed the National party's triumph in that day's general elections with these words:

> The United Nations knows where it stands and what to expect from my people in this southern corner of Africa. We will die—each and every one of us, every son and daughter of South Africa—rather than give up our nationhood.

The results show that this kind of rabble-rousing appeals to an increasing number of white South Africans. Dr Verwoerd's National party increased its share of the poll in every seat it contested. It captured three seats from the opposition: two from the United party, the third from the National Union, which had formed a pact with the United party and which failed lamentably to serve as a decoy for dissatisfied Afrikaner Nationalists. The Nationalists now hold 105 of the 160 seats in the all-white Parliament—only two short of that cherished South African political ideal, the two-thirds majority. Dr Verwoerd has a clear mandate from the whites—the wishes of the non-white majority are not considered—to push ahead with his "separate development" policy, which seeks to divide the country into a white parent state and several black satellite "Bantustans." He has five years to make "separate development" a reality, no matter what the cost.

But the going will not be easy: the election campaign showed that the Nationalists are still the prisoners of their own past propaganda about the "black menace." The rank-and-file Nationalists are more than unwilling to make the economic sacrifices necessary if genuine "Bantustans" are to be built up; they are by nature suspicious of "doing too much for the *Kafir*." In a broadcast on October 20th, Dr Verwoerd stressed that there will be no sudden speed-up of separate development. A student of applied psychology, he understands well the mood of most white South Africans. His speech, which might have been charitable in the face of so great a victory, was instead devoted to sneers at his opponents.

The other feature of the elections was the support gained by the liberal Progressive party, which the Nationalists had hoped would be wiped out by the United party. The Progressives won only one seat from the United party, but they came close to taking several others. They polled 56,000 votes to the United party's 83,000 in 16 urban English-speaking constituencies. Tens of thousands of people in the cities are apparently prepared to reject race discrimination—the very basis of South African political thinking—and to strike out boldly for a shared society in which individual merit, and not race, will be the criterion. A heavy burden will rest on the shoulders of Mrs Helen Suzman, the only Progressive who won a seat. She will have to carry the banner in Parliament not only of 12,000 affluent white voters in Houghton (Johannesburg), but of 10-million non-whites. Judging by her performance in Parliament during the Sharpeville emergency last year, she is well qualified for the task. Liberal-minded people hope that she will become a substitute for Mrs Margaret Ballinger, who served as a representative of African interests in Parliament for many years before the Africans' representatives were barred from Parliament by Nationalist legislation in 1959.

EX-CHIEF Albert Luthuli, who is also ex-president of the banned African National Congress, commented in the peaceful spirit that has this week won him the Nobel Prize. He said he "deeply regretted" that white voters had given Dr Verwoerd's party increased support, which amounted to a mandate to continue its repressive policies. This meant that there would be hard times ahead for South Africa. But characteristically, Mr Luthuli added that the support which the Progressives had received was an encouraging sign. Although he did not agree totally with the policies of the Progressive party, it was moving along the only true path to healthy race relations in South Africa.

Now that the elections are over, white South Africans are wondering whether the United party, the traditional opposition which has "White leadership with Justice" as its slogan, has a future. In every election since 1948 it has lost ground; since the death of General Smuts it has lacked not only a leader, but a positive policy. Instead of opposing the Nationalists on principle, it has adopted an expedient "me too" approach: when Dr Verwoerd came forward with his Bantustan plan, the United party's answer was a vague "race federation" scheme. The party has not accepted what General Smuts would surely have acknowledged—that there is now a clear-cut division between liberal and conservative thought in South Africa. Although the United party won 42 seats, it lost ground to the left and to the right in every seat contested.

The tide is running strongly in favour of white nationalism in all but a few progressive urban areas; this will surely—and dangerously—stir the embers of non-white nationalism. On the eve of the elections, power lines near Johannesburg were sabotaged, and slogans—"The People Shall Govern"—were daubed on an Afrikaans church and on public buildings. This action, it is said, was directed from London. The Nationalist leaders assume that it will be from abroad—from the United Nations especially—that South Africa will be attacked during the coming years of Dr Verwoerd's rule.

BUSINESS WORLD

How Lancashire Stands

Bringing Lancashire to Harrogate for the annual cotton conference does not ensure that cobwebs collected in the clammy climate west of the Pennines will be blown away in Yorkshire's brisker atmosphere. On the contrary, the cotton industry habitually counters the barbs of its critics at these meetings with a determination that might equally be applied to getting its costs down and its competitive power up. No one expects representatives of the cotton industry to leave behind their fears of lost markets, profits and jobs; it is with reasonable measures to safeguard all these that the conference should properly be concerned. But the re-creation in Harrogate of the very atmosphere of Lancashire prevents this conference doing the constructive job that it should.

The main plank in the Cotton Board's platform this year was evidently intended to be a thoughtful paper given by Mr A. G. B. Burney, the director of reorganisation for the Cotton Board in 1959-60, which prescribed a drastic remodelling of the industry from its traditional horizontal organisation into a more vertically integrated one, able to stand up to the large retailing groups with which it often deals. The proposal was received with no great enthusiasm. At the same time a few stray shots from a quiverful of criticisms by speakers outside the industry attracted tart rejoinders. Lord Rochdale's restrained but revealing report of the important negotiations on the regulation of imports, in which he has been a central figure this year, as chairman of the Cotton Board, hardly attracted the attention it deserved. But when Mr W. T. Winterbottom, chairman of Fine Spinners and one of the three employer members of the Cotton Board, replied to a question with: "We have been completely let down. We have been lifted up and dropped and were lifted up when I believe an election was just around the corner. Since then we have been ditched"—he stole the headlines and, within the conference, turned the thoughts of many of the delegates away from practical proposals for lifting Lancashire out of its rut.

Trouble came to Lancashire, with monotonous regularity, in 1952, 1955 and 1958. Now despite import ceilings and financial inducements from the government to scrap and to modernise, a more serious crisis looms. Yarn output has been sliding since the spring. Cloth production was maintained at a high level until August, but new orders were negligible. Then short-time working, redundancy and—more surprisingly with the scrapping scheme completed only 18 months earlier—mill closures began to plague the industry once more. The labour force has again begun to drift, and the cotton industry has already lost a further 7,000 workers during the past year. Its labour force is now down to 177,000; five years ago it was 255,000. Meanwhile there is little sign of a revival in orders.

But Lancashire has not been ditched. Its troubles arise partly from continuing weaknesses in its own structure, which have themselves played a part in the apparently unexpected upsurge in imports of cotton manufactures from new sources. A large part of the overspill of demand from merchants last year was satisfied by imports from outside the Commonwealth, despite an import duty for cloth ranging up to 17½ per cent. When orders for Lancashire declined sharply this year it was hoped that this mainly reflected fears that voluntary curbs on duty-free imports from the Commonwealth might end; it is now clear that the decline was a kick-back from excessive purchases made partly because it was feared that the cotton reorganisation had gone too far. The assured market for which Lancashire began to agitate in 1955, and thought it had in its grasp when Commonwealth producers agreed to ceilings on exports in 1958, has slipped away. While the warehouses are crammed full of cloth there will be few orders for Lancashire; and the new suppliers who have their foot in this market are likely to remain.

According to Mr Winterbottom, some machinery installed under the reorganisation scheme, and thereby qualifying for the grant of a quarter of its cost, is standing idle. But few manufacturers have been bold enough to invest too much—the majority have taken a more realistic view. Up to the first week in October, the Cotton Board had received applications for grants covering the installation of only £33 million worth of new machinery from the whole industry, which Lord Rochdale judged to be little more than a modern textile industry would require "for its normal development." Because it appeared that few further orders for new equipment would be placed before July 1962 in time to qualify for grants, the Cotton Board persuaded the Board of Trade to extend the qualifying period by a year.

Certainly, Lancashire's re-equipment still has far to go; less than a third of its looms are automatic—and only a third of these are worked for three shifts. But if most of the industry is waiting for assurances of a kind that practically guarantee profits before it ventures more of its own capital, the re-equipment phase of the reorganisation scheme will be as far from succeeding next year as it is now. With one government-sponsored reorganisation scheme barely completed, it was hardly surprising that the official line with delegates seemed to be that if the cotton industry was to regain prosperity it had better set about earning it by its own efforts, and not hope to obtain it as a right from the government.

Lord Rochdale had some brave remedies to suggest for the industry's ills. But in accord with the Cotton Board's notion of its position in the industry, they were advanced so tentatively that no delegate left the conference with a clear idea of the direction in which the board was driving. With a wage demand for cotton operatives under discussion—and incidentally holding up implementation of more shift working—the structure of wages in the cotton industry is currently more ticklish than usual. It was therefore no sooner mentioned than dismissed, even though it is certain that without a revision of the wages structure some of the value of re-equipment will be lost. A proposal to launch a sales promotion campaign for cotton goods has been put before the various trade associations within the industry, but Lord Rochdale spoke of it so diffidently that the substantial expenditure that is apparently envisaged has only a modest chance of being approved by the many separate bodies and some of their pinch-penny members.

Lord Rochdale was at least a little more forthright in his implied criticism of the industry's structure, which appears decidedly outmoded in today's conditions. Fifty years ago the mills were said to work from the first whistle to tea break for the export market; what remained of the day was given

Company	Trading profit		Ord. dividends		Price	Yield
	Prev. £'000	Latest £'000	Prev. %	Latest %		%
Combined Eng. Mills £1	119	806	2½	6	9/1½	12·6
Fine Spnrs. & Dblrs. £1..	1,822	2,682	12½	15	22/4½	13·2
Lancashire Cotton £1 ...	1,680	3,809	17½	25	46/6	10·6
English Sewing Cotton £1	3,415	3,710	12½†	12½	25/1½	9·8
Joshua Hoyle 2s.	Dr6	732	5	15	2/4½	12·0
David Whitehead 1s.	605	955	25	27½	2/3¾	11·3
Bleachers' Assn. 10s.	1,674	1,789	15	17½	16/1½	10·6
Bradford Dyers £1......	429	766	3	6	12/7½	9·2
Calico Printers 5s.......	3,577	3,351	20†	21¼	11/9	8·8

† Adjusted for scrip issue.

over to the home market, which then absorbed only a fifth of their output. The respective importance of these two markets is now precisely reversed, and other fundamental changes have transformed practically everything to do with the Lancashire industry—except its organisational structure.

The three main processes of spinning, weaving, and dyeing and finishing are still usually carried out by independent firms, with the cloth eventually getting into the hands of the 1,400 or so merchants and merchant converters registered—but currently, it seems, a little unpopular—with the Cotton Board. This horizontal structure undoubtedly makes it easier for overseas manufacturers to enter the Lancashire market. A weaver faced with stiff competition has no incentive to resist imports of cheaper yarn from foreign spinners. In their turn, weavers have been short-circuited by dyers who find that they can maintain their level of production only by processing imported grey cloth.

But it is the merchants and merchant converters that are now seen as the most suspect link in Lancashire's chain. To them attaches much of the "blame" for last year's large imports of foreign cloth. It is also inferred that they are not diligent enough in selling Lancashire's products. When their trade by-passes the whole of Lancashire's industry, it is hardly surprising that it arouses the animosity of the rest of the trade. Control over marketing, therefore, is now receiving a lot of attention; this seems the focal point of the proposal to "verticalise" urged at last week's conference. It is hoped that cutting across the traditional divisions of the Lancashire industry will at the same time plug some of the loopholes through which foreign goods have streamed and damp the trade swings that appear to floor the industry every third year. But the result seems likely to be a dearer end product and hence a further weakening of Lancashire's competitive position, unless real economies in costs can be found in the vertical structure. The aim is probably to sell a branded product that is less susceptible to price competition.

Despite the emphasis at Harrogate on domestic issues, it is nevertheless the international implications to which most minds are turned. Negotiations on Britain's entry into the common market, and this week's conference of the General Agreement on Tariffs and Trade to discuss a long-term agreement for controlling low-cost competition in cotton textiles, have given the difficulties of the cotton trade a three-cornered aspect, involving the Commonwealth, Gatt and the common market.

At Gatt, Britain will certainly press other importers to share more equally the "burden" of importing cheap Asian textiles. The Cotton Board has asked the Board of Trade to propose that by 1970 western countries should each take at least 10 per cent but no more than 20 per cent of their domestic requirements of cotton goods from low-wage producers. Britain at present is importing about one-third of its requirements, so that this formula could provide relief for Lancashire. The Cotton Board has also suggested that foreign (as opposed to Commonwealth) imports should be caught in the net of the existing temporary Gatt textile agreement which allows restrictions to be imposed on non-participants whose exports are likely to frustrate the working of the agreement.

From Lord Rochdale's account of his dealings with the Board of Trade over the imposition of a new ceiling in July for cotton imports from Hongkong, it seems most unlikely that the government will negotiate at the Gatt meeting terms such as the Cotton Board has in mind. As was thought at the time of the government-imposed ceiling on Hongkong exports, the terms dictated by the government were far more generous to Hongkong than the Cotton Board expected. It had urged that there should be no increase in Hongkong's basic quota. But Lord Rochdale reminded the conference that without the government's "overt" intervention, no agreement could have been reached.

The common market negotiations, however, may strengthen Lancashire's hand. Continental manufacturers fear that cheap Asian textiles will find their way into their markets through Britain, and unless the Continental countries and Britain bring their import policies into harmony, difficulties will arise. So Britain's relatively liberal treatment of outside suppliers may have to be amended. As far as Asian imports are concerned, Lancashire for once has nothing to lose.

Pricing Electricity

No announcement about the "target" rate of return that electricity supply will have to earn under the Government's new five-year regimen for nationalised industries has yet been made—or seems likely to be until about the end of the year, when the Minister of Power will have to ask Parliament for an extension of this industry's borrowing powers, and will presumably be obliged to say how much self-financing it has been told to do. But the fact that the Central Electricity Generating Board has now published its bulk supply tariff for the year beginning April 1, 1962, means that this largest piece of the electricity industry, at least, knows what kind of a surplus it needs to earn during the first of the next five years. So the broad average for the industry, which one can express alternatively as a gross or net rate of return on capital employed, a proportion of self-financing of its investment, or a level of surplus after paying fixed interest on its capital, must now be settled, even if targets for some of the area boards are still under discussion.

When this industry published its annual report last month, Professor Ronald Edwards, deputy chairman and chairman-designate of the Electricity Council, said that the industry had anyway been envisaging total surpluses of the order of £55-£60 million a year by 1964-65. The Treasury and the Ministry of Power, considering the record of growth and the huge investment plans of this dependably prosperous nationalised industry, may well have asked it to earn a little more even than that sum—the magnitude of which will not be lost on the industry's trade unionists or its consumers. The industry should not find it hard to earn these surpluses, though keeping them may be another matter. But the way it chooses to earn them—its pricing policy—will have considerable implications for its continued growth, and the vast slice of the nation's capital investment that this pre-empts.

In setting the bulk supply tariff, which is the price at which CEGB sells electricity from the grid wholesale to the area boards who distribute it and sell it retail to consumers, the industry automatically determines the division of whatever surplus it has to earn between wholesaler and retailers. Over the last three years the CEGB's surplus as a wholesaler has declined sharply as a proportion of the industry's total: it amounted to about 35 per cent in 1958-59, only about a fifth in 1959-60, and nil last year, when after paying interest and depreciation on a very conservative basis the board showed a small deficit. It will presumably have eliminated that deficit in the current year by adjusting last autumn its bulk supply tariff for 1961-62 with an increase of 2½ per cent in charges. But over the next five years under the new ground rules of nationalised industry finance, CEGB may well be reckoning to earn a considerably larger slice of the industry's surpluses.

But the wholesale price that it charges for electricity in Britain, and the way in which it charges the price, do more than aim at raising a particular surplus for the generating board. The "shape" of the bulk supply tariff can have fundamental effects upon the kind of tariffs that the area boards in turn can "design," and upon the profitable utilisation of the industry's vast capital employed. The 1962-63 tariff published recently by CEGB is the result of a comprehensive review of just what results it wants this basic price to achieve and how best its details could be adjusted to achieve them.

This is a two-part tariff, like most in electricity. The traditional system is to recover all those costs that do not vary with the number of units actually supplied through a fixed charge per kilowatt of maximum demand upon the system, and the costs that do vary with units supplied—basically running costs—through a charge per unit. In recent years this has meant a continual increase in the fixed "demand" charge, as more and larger power stations have built up CEGB's capital investment but reduced its fuel and other running costs per unit generated. Conventional stations are still getting bigger and more efficient; and the introduction of a growing nuclear component into generation will go on increasing the "demand" charge and cutting down the charge per unit of electricity bought. Until recently, this was accentuated by CEGB's practice of planning to get whatever it needed for its annual surplus out of the "demand" charge, making the unit charge simply cover estimated running costs.

In principle, this could be fine. The more that an extra kilowatt of demand costs a buyer, the more incentive he has to moderate his peak simultaneous demand in relation to his total annual consumption, the better his average "load factor" on the industry's capital equipment, and the less investment required to support the continuing growth of power consumption. But in practice, the bulk tariff in force now (and until next spring) does not quite achieve that virtuous result. A board's demand charge is reckoned according to its maximum demand in any half-hour during the day; but this is not necessarily the half-hour of the year that gives the bulk supply system the most trouble in supplying that many kilowatts. One area board, not long ago, had an extra cold snap in February that put up its demand by 500 megawatts. That increased its annual demand charge by £3½ million for the year, though the load occurred on a day when meeting it imposed virtually no strain upon the CEGB's generation and transmission system at all. That seemed unfair to the area board; and the CEGB in fact probably had much more trouble in supplying it with less power in a peak hour say a month before, when other boards may have shared much more responsibility for calling in the peak load generated by old stations from which power may cost up to 6d. a unit or more.

Some area boards, again, have better opportunities than others to "shave" their peak demand in one way or another. The high demand charge of extra kilowatts on its peak load has led one area board to investigate and then install a small gas-turbine power plant, operated by remote control, largely for peak load purposes, rather than buy extra units from the grid. That may make good sense: it has set CEGB, too, to looking at peak power costs to see if a new small station could beat an old one. But it also made CEGB less anxious to push up its demand charge. Moreover, the higher the fixed element in the bulk price of electricity and the lower the unit charge, the less are area boards tempted to make their own unit charges to consumers, and the smaller can be any variations that they can offer in attempts to improve the load factor of consumers' demand.

For 1962-63, CEGB began by loading only half of its planned surplus on to the demand charge and reckoning to recover half through its unit charges. It then refined its maximum demand criterion by charging area boards according to their contribution to the peak demand on the system as a whole, not their individual maximum demands; and set this as the average of each board's contribution to the two half-hours of maximum system demand before and after Christmas in any year. This and certain other refinements will not affect the total sum that CEGB gets from its demand charge, since its charge per kilowatt is revised in retrospect at the end of each year to bring it in a prescribed amount of money whatever the actual maximum demand involved. But it will affect the contribution that each area board makes to this, and should bring it in line more closely with the actual demand that each board makes on CEGB's "capacity costs."

A more obvious innovation in this new tariff comes in the charge for units supplied—a day and night differential. Only about 20 per cent of the electricity Britain uses is taken at night: this base load is met by big power stations running almost continuously, with very low fuel costs. During the day, it costs on the average 17 per cent more to supply a unit of electricity than it does during the night. The differential that CEGB is offering in 1962-63 is quite a significant one proportionally—0.47d. at night, against 0.58d. by day. It should make it more easy for area boards to increase their differentials to commercial and domestic consumers.

The basic unit charge in the British bulk supply tariff is adjusted by a "coal price differential" designed to take account of the fact that some power stations are better located for cheap coal than others—and that some area boards have to sell in the market against cheaper coal and coal-based gas than others do. For next year the size of these adjustments has been reduced by moving up the basic price of coal to 85s. a ton, against the earlier and out-of-date 60s. Area boards pay more or less than this for power generated within their own areas, according to their local coal costs; they pay a nationally-averaged price for power that they import through the grid from other areas; and they pay at this "national" price for power generated in nuclear stations, even in their own area, on the argument that all boards contributed to the national capital costs of this power and gain equally from its exceptionally low unit costs. Over the years one would expect the "coal price differential" to decrease as more and more power is generated in big power stations on the coalfields or at coastal sites for nuclear and oil generation. But moving too fast towards its abolition would mean a sharp increase in unit prices to areas with low costs—mainly industrial—and quite uncovenanted benefits to some of the more rural areas remote from coal.

This is a tariff set for one year and not for three, as the CEGB hoped the last one would be (it had to be revised for 1961-62, its last year). The surpluses aimed at are small in proportion to the industry's turnover. Moreover, a complex tariff such as this one has many ramifications in its effects, some perhaps unexpected. Critics of electricity pricing policy in this country, who have seen some of their arguments accepted and the bases for others utterly overturned in recent years, can at any rate approve the objects of this electricity tariff and respect the hard thinking that lies behind it. But before the industry is much further into its new five-year plan an equally comprehensive and subtle-minded exercise will be required in thinking through its retail tariffs—the point where the final consumer has to pay the price of electricity and ought to pay a price as closely related to costs as maybe. That may be much more trouble to get through.

BUSINESS NOTES

REPAYING IMF

The Alternative Route

WISELY, the Treasury has made a start in using the foreign funds that are flowing into London to repay the International Monetary Fund; and it is doing so in a substantial way. Britain is to repurchase £100 million of its August drawing of £535 million, by early next week—in time to deflate the October gold figures. The Treasury describes the transaction as a "technical redisposition," of Britain's reserves, since the repayment increases *pari passu* the stand-by facilities available to Britain at IMF. The importance of the operation is that it cushions the impact of the flows of private money to London on the centres which the funds are leaving. The object of the operation is largely to check the gold loss from the United States, and for this reason the repurchase is wholly in dollars. Admittedly the currencies which the Fund needs most at present are marks and lire, but special arrangements should soon be completed to replenish these holdings by bilateral borrowings under Article VII.

Britain's repayment, it is officially intimated, has been made possible by the "substantial" return of funds over recent weeks. This does not mean that there has been a corresponding improvement in the underlying balance of payments, and provides no justification for any relaxation of the measures designed to bring about a lasting solution of our external imbalance . . . The familiar warning "no green light" makes sense in connection with this technical operation, as it cannot do in connection with a reduction in interest rates. Bank rate was unchanged on Thursday; and one would like to think that the authorities have taken the IMF route as an alternative to a series of Bank rate reductions that would have to go dangerously far before they had any real impact on hot money. The financial markets, however, now regard "the other half," and perhaps more, as inevitable.

Expectations of a cut in Bank rate the next day caused a sudden sale of spot sterling from New York on Wednesday afternoon, accompanied by further bidding of forward sterling. The narrowing of the margin to $2\frac{1}{16}$ cents three months forward, equivalent to an annual interest rate of slightly under 3 per cent, caused the margin on covered interest arbitrage in favour of London over New York on the Treasury bill

comparison to widen to $\frac{5}{8}$ per cent. After Thursday's announcement of no change in London Bank rate, spot sterling was again bid, and the forward rate was unchanged.

Before Wednesday's sudden rumour sterling had been in very strong demand and rose to a new peak of 2.81\frac{13}{16}$. Evidence of the flow of investment funds to London can be seen in the strength of security sterling, which is now at only a nominal discount below the official rate. Overseas money is also streaming in to the mortgage market, and the expectation of a falling away in rates is reflected in the eagerness of lenders to secure their deposits for three months and more. The local authority borrowers, in turn, now prefer to commit themselves for the shortest possible period, and the rate on three months deposits has been forced down from $6\frac{7}{8}$ per cent last week to $6\frac{5}{8}$ per cent. The Treasury bill rate, too, continues to fall. At the tender on Friday of last week the discount houses felt bound to keep their bid competitive, and after pushing the rate below 6 per cent they were not surprised when the authorities responded by forcing them to take loans at the penal rate. The cost of such loans is still relatively small compared with the cost of missing the bills at a time when everyone wants them.

On the Continent, the mark fell below parity on the dollar a week ago for the first time since revaluation; in midweek it recovered somewhat, partly as a result of a rumour that the ban on payment of interest on foreign residents' bank deposits was about to be lifted. Elsewhere the dollar has been relatively weak—at its support point against the lira, and under pressure too in Paris, Amsterdam and Switzerland. In the London gold market the price continues steady at 35.19\frac{3}{4}$; the market has not been affected by the fall in the gold price in Hongkong and Macao, to around $38 an ounce. Business at the London fixings has been of much the same kind and scale as in previous weeks, with a moderate amount of private buying. One special official transaction has been the purchase of £$3\frac{1}{2}$ million of gold by the Spanish authorities for their reserves.

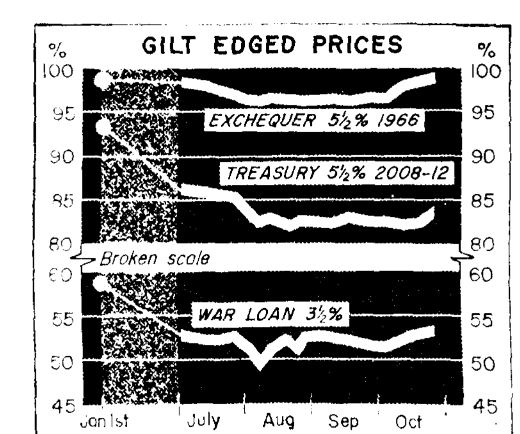
IN THE MARKETS

Unasked Question

THE tide has run still more strongly in favour of gilt-edged this week. Buying has been large and widespread, with the general public and the overseas investor increasingly in evidence. Prices have risen daily. The market has suddenly seized on the undoubted uncertainties in equity investment in the 'sixties as a reason for securing a fixed interest return at the high level that is available today—and may no longer be available tomorrow. There is nothing new in the first half of this diagnosis—it was clear a year ago that a mixed bag of equities no longer offered the certainty of growth, and that the assurance of fixed interest in a fixed interest security was regaining its attraction. A few far-sighted institutions realised this, and have been buyers of gilt-edged ever since the bursting of the post-election boom in equities at the end of 1959.

The sudden spreading of the gilt-edged fashion to the wider investing public clearly reflects the expectation that interest rates have now passed their peak, an interpretation that can be backed by the reduction in Bank rate and by one of Lord Cromer's Mansion House questions—but not yet by the Bank of England's tactics in the gilt-edged market. The market is assuming that the authorities will have to yield to market pressures—forgetting that the market pressures themselves arise partly in anticipation of official action. And it is difficult to feel certain that gilt-edged stocks have at last found their base until one feels equally certain that Britain has mastered its external payments problem. It is sterling that has checked the incipient downward movements of interest rates in the past; is its long run future so assured that it need no longer lean on high interest rates now?

For the moment however the City is in no mood to entertain such doubts, and the gilt-edged bandwagon is on the move. The authorities are trying, within self-imposed limitations, to check it. The government broker has allowed the net price of his $5\frac{1}{2}$ per cent Treasury 2008-12 to rise only very slightly: since the beginning of this month, while other long-dated stocks have risen by around two points, the tap stock has been raised by only $\frac{1}{16}$. But this is now virtually the only stock which the authorities hold in any substantial quantity, and it is proving increasingly difficult to control the market on this one lever alone. Other stocks are rising and the tap stock is increasingly attractive. It still yields £6 14s. per cent, only 9d. less than in early August; but whereas then it actually offered one-quarter per cent less than irredeemable War Loan and about the same gross redemption yield as $2\frac{1}{2}$ per cent Savings 1964-67, it now offers a margin of 2s. 6d. over War Loan, 3s. 8d. over the almost comparable $3\frac{1}{2}$ per cent 1999-2004 stock, 9s. over the 1982-84s and 18s. 9d. over Savings 1964-67.



. . . Chasing Too Few Gilts?

ON these terms the government broker is doubtless selling large amounts. But if the rise in the market is to be checked he will need a fortification in the supply of medium-dated stocks. Since the Government has budgeted for no new money from the gilt-edged market this year it is not expected to make a new issue of its own. But there are other uses to which a government issue could be put—it could soak up the superfluous bank liquidity that has suddenly appeared, or it could be an excellent alternative to special deposits. More likely however is a further stream of corporation issues. But if these are to restrain the market they will have to be more finely priced than the LCC's recent cash and conversion issue, which opened on Monday at a premium of $3\frac{3}{4}$ and stood at five points premium two days later.

Equities, meanwhile, are the sufferers from the turn-round in Throgmorton Street's thinking. After a small rally last week they were depressed again on Monday by news of further hire purchase losses and on Tuesday by the Chancellor's hint that a capital gains tax could be introduced before the budget and also by his warning that: "If we face facts, something like this [wage inflation] has already been happening, and it can lead to disaster." Just how this can be good for gilt-edged is difficult to imagine—unless the City is wholeheartedly convinced that the Chancellor has wages under control. On Wednesday, investors could turn to more favourable sentiments from Mr Lloyd—"Just because the steel industry is not working to full capacity, because some consumer durable industries also have capacity to spare . . . it does not follow that the economy as a whole is moving downwards." The share markets duly gave themselves a minor lift, just in time to stop the *Financial Times* ordinary index from dropping to a new low point. Over the week to Wednesday, *The Economist* indicator rose by 2.3 to 245.

SHIPBUILDING

Who Has Lost Credit?

IT is even more difficult, after the publication of the report* by Peat, Marwick, Mitchell, the firm of accountants, on British shipbuilding orders placed abroad, to fathom the real reason that moved Mr Marples to commission it. If he wished to silence shipbuilders' complaints about credit facilities in this country and pitch the ball back into the industry's court, arguing in effect that the only thing wrong with British shipbuilding was its own inefficiency, then

* "Shipbuilding Orders Placed Abroad by British Shipowners": HMSO. 1s. 0d.

had already been putting on the brakes ; (2) the turn-round in sterling, which increases the supply of credit in London and eases the demand in a number of ways ; (3) the high overdraft rates ; and, not least, (4) the sharp reduction in the rate of stockbuilding in the economy. The upshot is that the banks have a new worry—how to stop their liquidity ratio looking too lush.

AIR TRANSPORT

"Three Sizes Too Big"

Reading between the lines of the address given by the director general, Sir William Hildred, to the International Air Transport Association's annual meeting in Sydney this week, it appears that the airlines would still have been in difficulties this year even if traffic had come up to expectations. The fact that it failed to produce the steady annual rate of growth to which airlines have become accustomed has made a bad situation worse, but the original cause of the trouble lies elsewhere. When the airlines re-equipped with jets—500 are now flying and 400 have still to be delivered—they compressed a decade's growth in capacity into a few years and now find themselves, according to Sir William, in the same situation as "the growing boy who is sent to school with a jacket which is still three sizes too big for him." He went on to predict that "traffic, like the boy, will be bursting the seams of this particular jacket long before it wears out." The listening airlines must have hoped this will be soon.

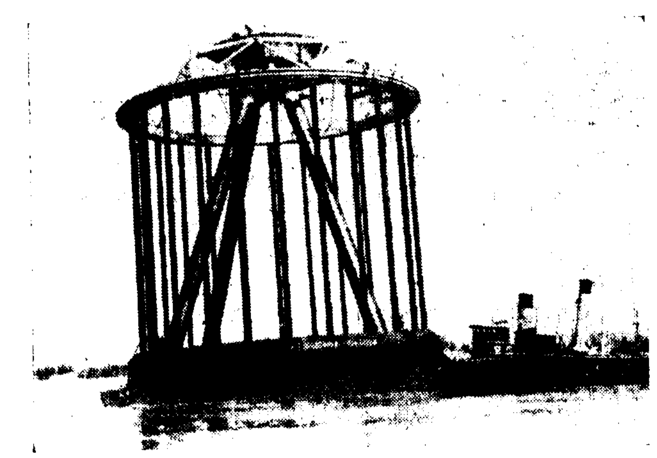
Sir William did not give them any grounds for optimism ; he told the meeting in the plainest language that the only way to fill those empty seats was by tapping new markets with "real low low fares" considerably below the "low" fares of today, which are still too expensive for many pockets. There is room for cuts. The level of international air fares is considerably above the price of travel on the North American continent ; indeed, the general level is well above that charged on the North Atlantic where the most thrusting and forward looking airlines have forced the introduction of "economy" fares and of special winter rates that make it cheaper for the first time to fly than to go by sea.

The aim, wherever possible, is to make air travel competitive with surface transport and the airlines have at their disposal now—again for the first time—aircraft that make this possible. But not all airlines have the traffic or the route network to enable them to use big jets to maximum effect ; these are currently losing money at an alarming rate, as the accounts of some already show and they are likely to pull a wry face at the tonic recommended by Sir William. These airlines are likely to resist both new fare cuts and the extension of the

LIBYAN OIL

Beneath the Surface

FROM OUR SPECIAL CORRESPONDENT



What would have been the only spectacular thing about the oil terminal, that Esso Standard Libya has built at Marsa el Brega on the Sirte gulf at the end of the 110-mile-long pipeline from Zelten, sank largely out of sight several weeks before King Idris of Libya officially opened the pipeline on Wednesday and may never be seen by man again. This is the 148-foot high bow mooring device that Esso towed all the way from New Orleans. Tankers tied to this tubular steel framework can load oil continuously even while swinging through a full 360 degrees. Esso calls it a "birdcage" but, as it sits on the seabed off the Brega terminal with only the top fifty feet showing, it looks at low tide like a giant lobster pot. The achievement represented by the first shipment from Port Brega, however, was itself spectacular—exports of crude from an oilfield where oil was first struck two-and-a-half years ago and from a country where the first concessions were granted only about six years ago. But at the simple ceremony when the King opened the valve "start flow" for the crude oil from Zelten, there was more below the surface than was obvious.

The oil that flowed into the tanker *Esso Canterbury* at anchor in the bay ranked as the first commercial shipment of crude from Libya. (Fawley had already taken five tanker loads for trial processing ; other trial shipments have been sent to France.) It was therefore some of the first Libyan crude oil to be moved at the price of $2.21 a barrel that Esso posted ex-Brega in August—a price that is low in comparison with Middle East postings and more realistically related to the European value of such light crude oils than the postings of Saharan oil, but which is much higher than the discounted prices that some Libyan producers are believed to have contracted for their future output.

The Libyan government never formally accepted this posting and again on Wednesday refused explicitly to approve it. Formally this may not matter. Esso's concession agreement, dating from 1955, provides that royalties and tax are related to prices realised on actual deals and not on posted prices. And as long as Esso is moving Libyan crude oil to its European affiliates at a posted price realistic enough not to need discounting, the posted and realised prices are identical. Under the agreement Esso is also entitled to a depletion allowance before reckoning Libyan tax. Some companies that made later deals are not ; and under the amendments to 1955 law published in July none will be. Neither point was mentioned in the speeches at Brega this week by the King and Mr Rathbone, the president of Standard Oil of New Jersey: questioned afterwards, Mr Rathbone still had no comment to make.

The latent tension over prices and terms need not break surface until the company files its tax return for 1961-62. But another government ploy may tempt Standard Oil of New Jersey to accept new terms. Amendments to the petroleum law in July offered existing concessionnaires three years' extension if within six months—that is by January 15th—they accept a revision of existing agreements which would base their tax liability on posted prices without a depletion allowance. Moreover, no company will be granted any new concessions unless it incorporates these new tax rules in its existing agreement.

Under the 1955 law existing concessions are to dwindle to a third or a quarter of their original size. Jersey appears to put great store by Libyan oil—though "pressure maintenance" in its Zelten field could pose some technical problems. It is hard to believe that the group, as its existing concessions are reduced, will not eventually be interested in further acreage. Below the surface courtesies at Brega, therefore, there was a mild squeeze play by the new host government that only six years ago attracted oil companies by sweet reasonableness. Since oil was found in such abundance, this reasonableness has been somewhat modified. This has emphasised the new handle that "relinquishment" provisions in any oil-producing country can now give a host government. But the market still finally sets the limit to producers' bargaining power.

cheaper North Atlantic fares to other parts of the world. Mr Menzies, when he complained that air transport as a whole was fundamentally uneconomic, was exaggerating; but had he said that certain airlines can never hope to pay their way, few people would have disagreed. The logical conclusion to draw from Sir William's analysis of the current state of aviation is that airlines which cannot, because of their structure and management, contemplate "real low low fares" ought to go out of business leaving the field to those who can. But he could hardly be expected to say this when it would amount to advising a large number of IATA members to close shop.

Some Make It Pay

The collapse of several small British independent airlines—two more closed down this week—combined with Cunard's doleful admission that its air services were losing money, have goaded the largest of the independents, British United Airways, into demonstrating that there are some who can make aviation pay. It has done this by publishing its accounts for the first time—for the year ending December 31, 1960. BUA is a private company whose principal shareholders are three shipping groups and on last year's showing their investment was paying off. The airline made a trading profit of nearly £500,000 on a capital employed of £16 million; unlike other airlines it gives no details of revenue or expenditure or indeed any information at all about its flying operations, but the financial results are considerably better than those returned by many a more opulent and heavily capitalised airline, even among those rare birds that actually show a profit. It has also written off £1.2 million against profits in the past four years for goodwill—the direct result of the series of mergers that led to the formation of BUA.

BUA has always boasted that the lower overheads possible in privately-owned airlines gave them a competitive edge over big nationalised operators, and the accounts seem to bear this out. But BUA's testing time will come when the results are known during the next few days of its application for a network of services across Europe and Africa. If this is granted, the airline will have to expand the scale of its operations at a rate that could send overheads rocketing. It will have no difficulty in finding the money to do so: the accounts show that the parent companies simply advance cash as and when required. But management and sales organisation will find themselves at full stretch, something for which they have waited ten years.

A BANKER'S REFERENCE

On Inquiry

What is a banker's reference worth? One of the more curious of the law's anomalies was given an airing in the Court of Appeal last week in *Hedley Byrne & Co. Ltd. v. Heller & Partners Ltd.* The defendants, merchant bankers, answered credit inquiries about a customer which had been made by the plaintiffs through their own bankers, the National Provincial Bank. These replies were held to have been given negligently, and as a result of acting upon them the plaintiffs lost a substantial sum of money—£15,454. But the Court of Appeal upheld the decision of Mr Justice McNair last December, that the defendants could not be liable for their negligence to a party to whom they owed no contractual duty.

In the memorable case of the snail in the ginger beer, in 1931, it was established that an action for negligence by a third party could succeed, and Lord Atkin said "You must take reasonable care to avoid acts or omissions which you can reasonably foresee would be likely to injure your neighbour," going on to define neighbours as "persons who are so closely and directly affected by my act that I ought reasonably to have them in contemplation" when the act in question is being performed. But in *Candler v. Crane Christmas & Co.* in 1951 the Court of Appeal held that the third party action could not succeed when the damage complained of was financial. In that case a firm of accountants prepared a balance sheet for a company knowing that it was to be shown to a prospective investor in the company. The accountants were negligent, and acting on the false picture presented by the balance sheet the investor made his investment. He lost his money, and, in due course, his action against the accountants; this was financial damage—£2,000 worth—and in the absence of a contract between the accountants and the investor no liability arose, despite the accountants' knowledge of both the purpose for which and the person for whom the balance sheet was required.

The analogy with the banker replying to an inquiry is not exact, but it is near enough. The posture in which the law finds itself in this matter is not one that commends itself to the business community. In his dissenting judgment in 1951 Lord Justice Denning (as he then was) analysed the present position, found it displeasing, and showed the path of escape. It has not yet been followed; and in last week's case Lord Justice Pearson went so far as to say that "it would be unreasonable to expect a banker in the bank's time to study his records and files before giving an answer." This is probably just what most people thought a banker did when he answered credit inquiries. In the particular case of bankers' references, as in the general matter of professional negligence causing financial damage, the law is hardly keeping itself commercially up to date.

MOTORS

Stable Outputs Rising Stocks

Car production showed little change between August and September; the rate of 20,181 a week in September was only about 1,000 a week below that of August, when seasonal effects are allowed for. Though the strike at British Light Steel Pressings probably cost Rootes about two-thirds of its car output, the rising production of the new Vauxhall Victor, few of which had been made in August, seems to have helped to offset this. And though Standard-Triumph put its workers on to a three-day week at the beginning of the month, and the production of the British Motor Corporation was slightly reduced by model changes, Ford was making cars at a slightly higher rate in September than in August. Exports remained, at 28,000, the same as in August or in September last year.

The industry may soon find that it is necessary to reduce output further; stocks of cars seem to have risen by at least 14,000 during September—roughly the amount by which home sales fell short of the 1960 level. Though makers are prepared to see stocks rise during the winter, they are mostly anxious to keep them under control. As sales and output this month seem to have remained at much the same level as in September, stocks may soon have reached the point where their growth needs to be checked—which would mean more short time working.

Optimism about the prospects for next year has been increased by the interest attracted at the motor show. Apart from the large orders from the United States distributors of BMC, S-TI and Jaguar cars, which suggest that exports to that market next year might be more than treble their September rate of 2,500 a month, private visitors to the show have displayed an unexpectedly strong interest in buying cars. They may not want to buy a car now, but if there were to be a smaller difference between the value of their old car and the cost of a new one in the spring, they might then be prepared to buy. Those who believe that 1962 might find the industry on the upswing of its trade cycle are encouraged in their optimism by this evidence; but much depends on the actions of the government and the strength of the seasonal improvement in demand for used cars in the new year.

WALL STREET

Tax Loss Influences

A correspondent cables:

Wall Street has been sobered down by reports of corporate earnings in the third quarter, which though they are higher than a year ago are not as high as had been expected, and has also been disappointed by other signs of slowing down in the economy. While the cult of the equity is far from dead and little outright selling is taking place, there was no fresh demand for common stocks this week, and for the first time since mid-September, the Dow Jones average fell below 700. There is little prospect of a swift snapback until the economy shows more signs of strength. Even then, investors are likely to discriminate. This is evident from the current wave of tax selling which has depressed many "glamour" stocks as well as steel and other cyclical issues whose profits are lagging.

Selling for tax purposes, however, is not a serious factor in depressing the market as a whole, for the funds accruing from the sales are largely being reinvested in other stocks. Under the law, an investor can take tax losses and re-establish his investment position by buying back the same shares after a waiting period of 30 days. This is being done by a number of institutions, particularly some of the mutual funds which are seeking to offset some of their earlier capital gains with tax losses without permanently abandoning particular investments. In the absence of a strong movement in market prices either way, tax selling can also be the occasion for switching and it tends to drive down the prices of stocks that are already depressed and to add to the demand for those which already have good earnings. This is what Wall Street is now experiencing; but if the economy booms and profits rise the demand for equities is likely to revive, as there is still no inclination to shift into fixed interest securities.

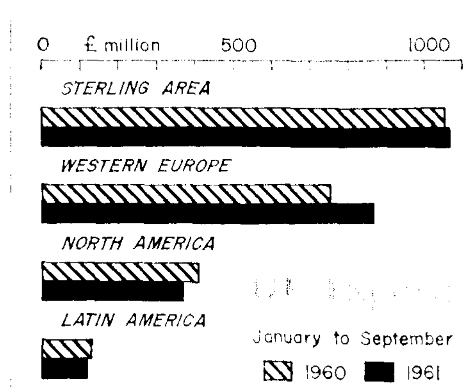
OVERSEAS TRADE

Sticky Exports

Despite the pronounced fall in imports, that has reduced their value quarter by quarter since the start of the year, Britain had the barest surplus on visible trade with the rest of the world in the third quarter after allowing for the uneven basis for valuing imports and exports used in the monthly Board of Trade figures. The contraction in imports (seasonally adjusted) amounted to £32 million a month between the last quarter of 1960 and the third quarter of this year. Exports and re-exports improved by £16 million a month; however they appear to have virtually stopped rising early this year. Clearly, a further improvement in either imports or exports is needed in the current quarter.

Seasonally adjusted, the value of food imports was unaltered between the second and third quarters of this year. But this was partly the result of bigger imports of livestock; imports of meat continued to fall. Imports of basic materials dropped quite sharply once more, but while the level of production in Britain's manufacturing industry is rising, it would be over-optimistic to expect this contraction to go on much longer. Imports of manufactures for further processing, such as metals and chemicals, were unchanged between the two quarters; paper and wood products were partly responsible for checking their fall. Imports of finished manufactures showed a further sharp rise. Though the increase has come mainly in capital goods, imports of clothing and footwear and other non-durable consumer goods are substantially higher than a year ago.

Between the second and third quarters, exports to North America continued to increase, despite a steep drop in exports to Canada. Obviously, there is reasonable hope for further improvements in exports to the United States. Exports to western Europe, including both EFTA and common market countries are still expanding, but exports to the rest of the sterling area remain bogged down.



CHURCH COMMISSIONERS

Anglican Acumen

Since the Church Commissioners first began to invest in equities in 1948, their income has nearly doubled. Most of the rise of £1.5 million to £15.8 million in their income in the year to March 31st last came from bigger dividends on the equity holdings. As the table shows over the past two years the overall yield on its investment portfolio has improved by one per cent to nearly 6½ per cent.

In another year of active dealings, the Commissioners—probably for the first time—were net sellers of industrial equities. Even so new investments in this section amounted to £3.8 million, of which half was absorbed by rights issues and the rest largely by purchases of chemical manufacturing and store shares. They also added to their holdings of industrial debentures and some further switching among gilt-edged securities brought about a good improvement in the average yield on this section of the portfolio.

It has been estimated that the Church Commissioners now provide about three-quarters of the stipends of the clergy and about one-half of the Church of England's annual budget. About two-thirds of their income last year went towards stipends, pensions and the upkeep of parsonages. From their surplus of just over £3 million they plan to allot from next April a further £750,000 a year to raise stipends and, in addition, they will increase the income of every benefice by £50 a year, except in the rare cases where the income already exceeds £1,500 a year. A recent survey showed that less than one per cent of all clergy came in this category. Over 77 per cent received less than £850 a year, net of rates and mortgage repayments, but this calculation ignores any sums received in other capacities such as chaplaincies or the contribution that a growing number of parishes makes towards car, telephone and other expenses.

THE CHURCH'S PORTFOLIO

(£'000s)

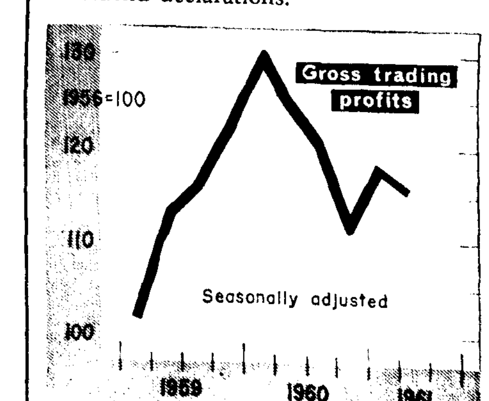
	At March 31, 1959	1960	1961
Total Investments†:			
Book value†	£122,942	£128,397	£132,262
Market value	£138,678	£186,090	£204,563
Average yield*	£5/9/4	£5/18/3	£6/9/4
Of which:—			
Government Stock:			
Book value	£20,056	£20,020	£19,441
Market value	£18,779	£17,601	£15,885
Average yield*	£4/13/0	£4/13/3	£4/16/1
Percentage of portfolio*	16·3%	15·6%	14·7%
Indust. Ord. Stock:			
Book value	£73,857	£75,228	£76,427
Market value	£88,315	£128,116	£144,413
Average yield*	£5/11/2	£6/4/11	£7/0/10
Percentage of portfolio*	60·1%	58·6%	57·8%
Income:			
Security income	£7,011	£7,929	£9,156
Net rental income	£4,189	£4,249	£4,480
Investment mortgage income	£1,244	£1,222	£1,227
Total income	**£13,308**	**£14,297**	**£15,765**

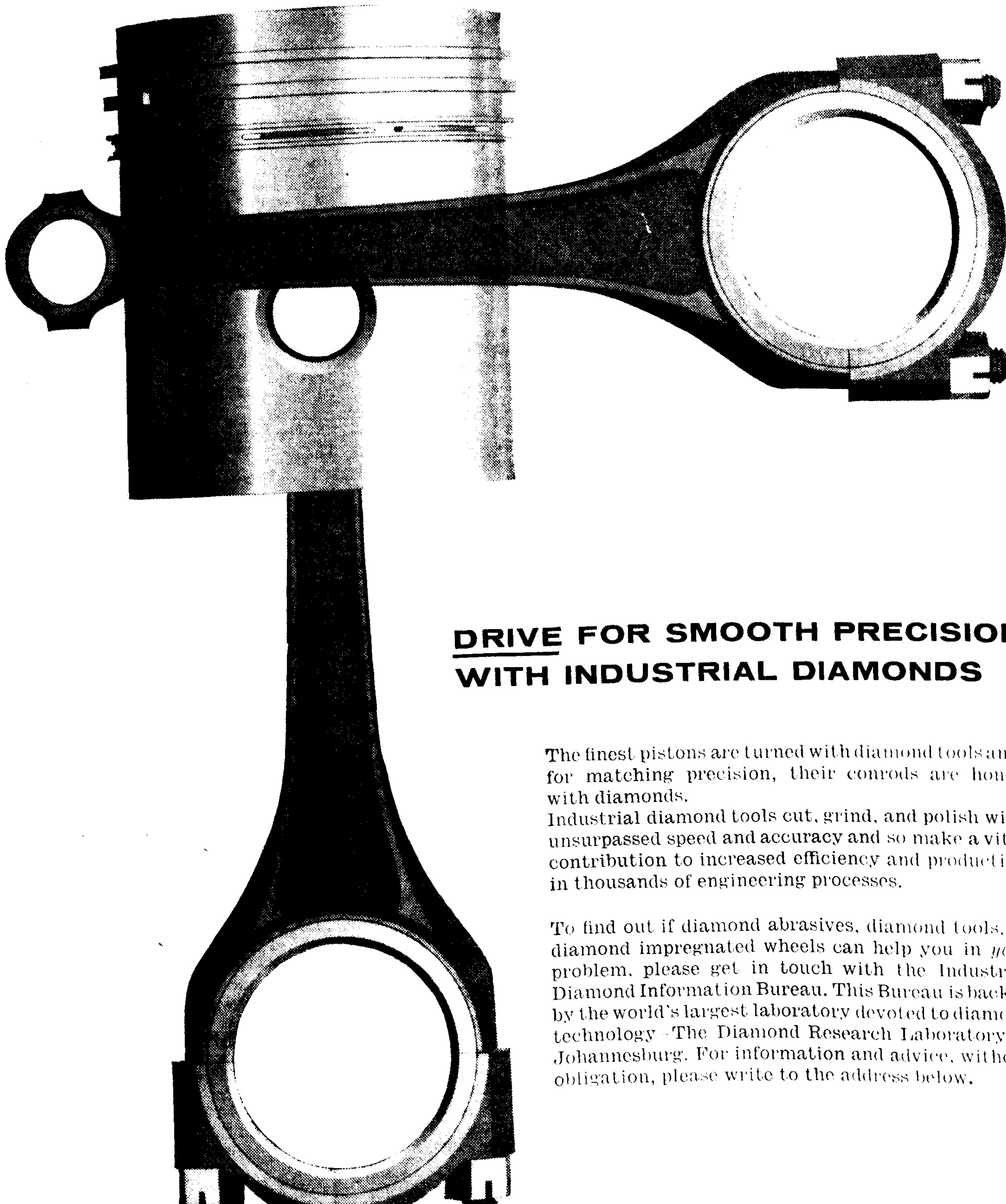
* At book values which were revalued at market prices on April 1, 1957. †Excluding short term loans.

For further increases in stipends the clergy perhaps should look more towards the Commissioners' property interests which have a book value of just over £69 million. As with stock exchange investments, the Commissioners have pursued a policy of pruning and streamlining this portfolio and since 1956 property sales have realised £20 million. This has been balanced by purchases and capital expenditure and in this period net rental income has risen by 50 per cent. The Commissioners' house properties have now been concentrated in five large estates at Hyde Park, Maida Vale, Kensington, Chelsea and Hampstead. In some of these estates the Commissioners' property development com-

THE SQUEEZE ON PROFITS

The wage and salary bill paid in the second quarter of this year was 9½ per cent higher than last year; and dividends of industrial companies were up by 15 per cent. Profits, however, were 8 per cent down on the year, and this is now being reflected in unchanged dividend declarations.





pany, Church Estates Development, is promoting in association with private developers and builders new blocks of flats and houses. But the total commitments of this subsidiary amounting to over £13 million are primarily concerned with the development of commercial properties. Not surprisingly with such vast sums to invest the Commissioners have forged links with Mr Cotton and Mr Clore and other property developers, and they are confident that these developments will give a yield of not less than 8 per cent when they are completed.

COMMODITIES

Inconclusive Conferences

LEAD and zinc producers' earlier forecasts of supplies and consumption in 1961 were shown to have been too optimistic by the behaviour of the market since March. Their new estimates put the surplus in lead supplies this year at 73,000 tons—not far short of last year's surplus which was absorbed none too readily by the United States stockpile. The surplus of zinc is reckoned to amount to 60,000 tons. Earlier forecasts were based on the assumption that supplies from communist countries would not increase beyond their level in 1960, but that hope has evidently not been realised. Zinc has now fallen to £71 a ton for spot supplies: only in 1946 has lead been cheaper. Even after quite a sharp rally on Thursday, spot lead was £62 a ton.

It is expected that the rise in zinc consumption will keep in step with higher production in the first half of 1962; with some producers continuing to restrain their output, lead consumption and supplies are expected to be roughly in balance. No restrictions have been placed on zinc producers and no further curbs have been applied to lead production for the first half of 1962, although this is apparently regarded as only an interim arrangement, because the lead and zinc study group mentions a further review "before the end of the quarter." This would in any case be made at the customary meeting next March, but the group may have immediate restrictions if necessary at that time, in mind. A statement that "a number of countries" will continue to restrict their lead output does not necessarily exclude the possibility that some producers who have done so up to now have not renewed this voluntary obligation.

The sugar conference in Geneva took a long time to come to an agreement to differ—at least for the time being. The conference was adjourned *sine die*, but the intention appears to be that it should recon-

CHANNEL CROSSING

A Matter of Money

WHEN, in a few weeks' time, Mr Marples sits down with M. Buron, his French opposite number, to open ministerial discussions between their two governments on what, if any, new type of transport link should be provided across the Straits of Dover, they will in effect have before them three possibilities—building a road and rail bridge; excavating a rail tunnel; or making do with the existing sea and air services. By then their advisers should have been able to go over in detail the proposals and calculations of the respective pressure groups backing the tunnel and bridge and produce their own estimates of how much capital each of the three will need in order to cater for expected traffic, what tolls each would have to charge in order to cover costs and make a reasonable profit, and what those respective rates of return might possibly be. That presumably ought to be the basis for decision. But both governments will doubtless be conscious also that if either or both the tunnel and bridge can in fact be successfully financed entirely by private capital—as the two sets of sponsors confidently allege—then their budgets would be relieved of having to find further investment for at least the sea ferries. Moreover, both groups claim that most of the money for their projects would come from outside Britain or France.

Of the three, it would seem that the tunnel would probably cost least—about £130 million including interest on borrowings during construction, against at least £220 million for the bridge (excluding capitalisation of "pre-opening" interest payments), and a figure somewhere between the two for keeping the present port, ferry and air services abreast of the growth in traffic during the next fifty years—though this last sum would not have to be spent all at once in the first five or six years. The tolls that the tunnel and bridge groups have in mind are similar; they are lower than the present sea ferry fares and the difference could reasonably be expected to grow with time owing to the heavier wage content in the cost of running the ferries. Comparing possible rates of return it would seem that the tunnel again may come off best. The sea ferries are barely washing their face even now, with written down capital and depreciation based on original cost. The tunnel and bridge groups express their hoped-for profitability in different terms: the tunnellers claim a 14 per cent "time adjusted" return while the bridge-builders promise 4 per cent in the first year, rising to 6 per cent in the sixth, and 8 per cent in the seventeenth year. That would be roughly equivalent to about 4½ per cent on a "time adjusted" basis, or about half that of the tunnel.

Strangely, both groups assume the same traffic potential, differing mainly only in their estimates of the new vehicular traffic the new facility will itself "generate." Yet the bridge would cost almost twice as much to construct as the tunnel (if neither runs into technical trouble) and have a great deal more potential—but for a long time to come little used—capacity. Moreover, while the tunnellers propose to raise most of their capital in bonds, and invite the two governments to assume the head lease of the tunnel so as to "guarantee" bondholders their interest, the bridge group freely claims it expects to raise the whole of its £220 million or more as equity. Apart from an agreement on the inevitable question of tax liability—which also concerns the tunnellers—the bridge group states it asks no more of either government other than permission to go ahead and the freedom to remit dividends to foreign investors.

But some rather oddly phrased references to the possibility of a rescue operation by the two governments in a booklet the group has published in France suggest that its own mind may not be entirely free of doubt:

> We would assert that the general interest of the bridge is so important for the future of Europe that it should be constructed even if its operation were unable to remunerate the invested capital, that is to say both governments, anxious to develop their economies, should build it from budget funds. Fortunately, there is no question of resorting to this method, which would be prohibited by considerations regarding the budgetary balance of public finances within the limits of prosperous economies. Calling up private capital will enable this vast undertaking to be realised, with the assurance that it will be satisfactorily remunerated, without prejudice to any other financing which is imposed by necessity.

Whatever this example of Gallic clarity (subjected to translation) may mean, the group's solutions to the technical problems posed by straddling one of the most crowded, and at times foggiest and windiest, shipping lanes in the world are at least comprehensible. It claims that wind deflectors, similar to those used on ships' bridges, would reduce the effects even of gales on vehicles crossing the bridge to levels that motorists ordinarily encounter from light winds inland. Lighting and the height of the carriageway above sea level, it argues, would limit hindrance by fog; and the very presence of a bridge across the channel, plus the adoption of modern navigational aids, would impose traffic order upon channel shipping where no such regulation exists at present. All this may be so; but it was not so long ago that a radar-equipped oil tanker crashed into the Severn railway bridge. The tunnellers may also not be entirely free of technical risks: the French and Italian contractors painfully cutting the new motor road under Mont Blanc have had some blunt words for the geologists who made the initial surveys.

vene next month. The difference that divides Cuba from probably all other members of the international sugar agreement, including perhaps its communist signatories, is about one million tons of sugar. Cuba wants a very large increase in its quota within the agreement. Although this might not necessarily affect sales to the free world, as the communist countries have agreed to take about five million tons of Cuban sugar a year, there are important principles at stake. Although it is argued that if no solution can be found the current agreement will simply continue to operate, the market is sceptical; the price of sugar in London has declined to £22½ a ton.

LIFE ASSURANCE

One Million Policies

Last year the business of the life offices was more buoyant than ever before. New sums assured by members of the Life Offices' Association and the Associated Scottish Life Offices, which cover over 99 per cent of the ordinary life and annuity business of offices established in the United

EMPLOYEES' BENEFITS
(Under pension and life assurance schemes)

	1956 £ mn.	1957 £ mn.	1958 £ mn.	1959 £ mn.	1960 £ mn.
In force:					
Lump sum on death before retirement ...	1,815	2,182	2,573	2,884	3,260
Annual Pensions:					
Future*	403	464	533	582	643
Current......	9·2	10·6	12·9	15·6	18·4
Premiums received	141	155	171	185	204
Employees covered ('000s)	2,701	3,011	3,302	3,493	3,769
New Business:					
Lump sum on death before retirement ...	440	500	621	585	715
Future annual pensions*	92	100	118	112	120
Yearly and single premiums	28·1	32·7	41·6	39·3	47·0
Employees covered ('000s)	523	534	573	552	615

* Based on current salaries.

Kingdom and of overseas offices operating in this country, rose by 21 per cent to the new record figure of £2,305 million while new annual premium income jumped to £90 million, compared with £75 million in 1959 and £74 million in 1958. Both individual ordinary life assurances and lump-sum benefits on death before retirement under occupational schemes contributed to the record figures and for the first time more than one million individual policies were taken out in a single year.

New business under pension and life assurance schemes more than recovered the ground lost in 1959, when employers appear to have been pre-occupied with the implications of the graduated state pension scheme. So far there has been no sign that higher statutory contributions are materially affecting the market for assured pensions. In contrast, the self-employed pension business has been sluggish: last year about 21,000 new policies were issued at premiums totalling £6.2 million, which was slightly more than the new premiums received in 1959 but less than the income from this source in the two preceding years. About 137,000 policies of this kind are now in force, assuring deferred annuities of £41 million per annum.

TOTAL LIFE OFFICE INVESTMENTS

	1956 %	1957 %	1958 %	1959 %	1960 %
Mortgages......	15	15½	15½	15½	16
Gilt-edged	30½	28	26½	25	24
Other fixed interest securities..........	21½	22	21	21	20½
Equities........	16½	17½	19	20½	22
Real property, ground rents and other investments	16½	17	18	18	17½

Ordinary life and annuity funds, as adjusted for transfers from reserve accounts, rose by £405 million last year. This record contribution to personal savings compares with £348 million in 1959 and £215 million five years ago. Combined ordinary and industrial branch funds rose by £519 million to £5,585 million and once again, as the table shows, the life offices added to their stake in equities. They now, however, appear to be less eager to buy ordinary shares, largely contenting themselves by taking up their rights in new issues.

RAIL v. AIR

The Minister Drops a Hint

Last week, the Air Transport Licensing Board approved a scheme put forward by British European Airways to run combined nightly mail-newspaper-passenger flights between London and Belfast, Edinburgh, and Glasgow. The Transport Commission protested strongly against the £3 3s. fare that BEA proposed to charge in order to tempt passengers to fly in the middle of the night. This, protested the Transport Commission, was lower than second-class rail fare and would hit rail traffic badly. British European Airways retorted that the fate of the railways was none of the business of the Air Licensing Board, whose sole duty was to promote air traffic. The Minister of Aviation has contradicted this in terms that must have revived the Transport Commission's spirits.

The machinery for licensing air service provides for an appeal against any decision of the board and the Transport Commission has just appealed, in vain, against the grant of a licence for flights between Swansea and Birmingham. The commissioner who heard this appeal endorsed BEA's limited view of the board's brief. Mr Thorneycroft upheld the commissioner's decision to throw out the appeal, but added that he "did not agree with the view expressed by the commissioner that the board was neither empowered nor required to take into consideration the question of wasteful competition with rail facilities." The Transport Commission has still some time in which to decide whether to appeal against the Board's decision to approve BEA's £3 3s. fare which it has tended to regard as a test case. Such an appeal might clarify how Mr Thorneycroft defines "wasteful competition" between air and rail and how far he is prepared to curb the development of internal air services to enable the railways to survive.

SHORTER NOTES

A correspondent writes from the United States that airlines have recently had first hand experience of the pitfalls of translations from one language to another by computer. Technical manuals for the French built Caravelle jets supplied to United Airlines have, he says, been translated in this way and contain frequent puzzling references to "water goat." This should read "hydraulic ram."

★

The Government of Switzerland is to lend the World Bank 100 million Swiss francs (about £8 million) at 3¼ per cent, to be repaid in two equal instalments in 1966 and 1968. This is the second loan to the Bank from the Swiss Government—the previous one of Sw. Fr. 200 million was made in 1956—and it brings the total gross borrowing by the Bank in Switzerland to almost one billion francs (£83 million), of which Sw. Fr. 887 million is outstanding.

★

The New Zealand Government has arranged a $20 million loan in the New York market, in 5¼ per cent bonds maturing in 1976. It is also reported that representatives of the IMF and World Bank have been invited to New Zealand to discuss possibilities of loans. This follows New Zealand's admission to the Fund last April.

COMPANY AFFAIRS
Comments on pages 383, 386 and 387 on:
Fisons — Saxone, Lilley & Skinner
Rolls-Royce — Daily Mirror
Charterhouse — Johannesburg Consolidated
Caffyns — Cumulus Investment
Frank Cooper — Brooke Bond
Robeco — Rover
Wall Paper Manufacturers

LONDON AND NEW YORK
Stock prices, yields and security indices on pages 384 and 385

LONDON STOCK EXCHANGE
The week's movements reported on page 387

MONEY AND EXCHANGES
Money market report, exchange rates and public finance on page 388

COMPANY MEETINGS

ANOTHER RECORD YEAR

Mr. ISAAC WOLFSON, Chairman and Managing Director

THE GREAT UNIVERSAL STORES LIMITED

in his Statement for the year ended 31st March, 1961, said :

FINANCIAL RESULTS FOR THE YEAR. Group Profit for the year, after providing for Depreciation, etc., but before Taxation is £26 million. This is some £1¾ million above that of the previous year, and once again it is a record figure. This was achieved in a most difficult year, due to the re-imposition of hire purchase controls. This increase is in excess of the average increase for the past five years. It has been earned almost entirely from internal development.

DIVIDENDS AND APPROPRIATIONS OF PROFITS. We have decided to recommend a final dividend upon the Ordinary and " A " Ordinary Stock of the Company of 25 per cent. less tax, for the year ended 31st March, 1961, which together with the Interim Dividend of 12½ per cent. already paid makes a total dividend of 37½ per cent. less tax. It was our intention to recommend a larger dividend, which the profits of the Company justify, but having regard to The Chancellor of the Exchequer's speech in The House of Commons on 25th July, we have decided not to increase it, but to maintain the same total dividend as last year. Stockholders will of course derive the ultimate benefit of increased retentions.

After appropriations £7,732,256 is retained in the business. The Ordinary Dividend, therefore, is covered some 2·5 times by the net distributable revenue and some 2·2 times by the net profit for the year.

BALANCE SHEET. The Consolidated Balance Sheet shows increased strength. The Capital and Reserves of the Group, including £11 million set aside for future taxation, are £106 million and exceed £100 million for the first time. It is interesting to note that in 1955 the amount was £50 million. The figure of £106 million is reached before taking into account any increase in the value of our properties (£22 million of which are freehold), since they were last valued in 1955. Nor does it include the substantial reserve for unearned profit which forms the larger part of the provision of over £19 million deducted from hire purchase debts. The excess of the current assets over current liabilities is approximately £75 million compared with £68 million last year. Cash in the United Kingdom at £11½ million is ample for our present requirements and will stand us well in a period of credit stringency.

DIVISIONS. Stockholders are by now familiar with the composition and scope of the various trading divisions which go to make up The Great Universal Stores Group. All these divisions have shown sound progress at home and overseas. At home, the Mail Order and Multiple Shops sections, in particular, have shown continued growth.

Overseas, the economic situation in Canada and the political situation in South Africa, in both of which countries GUS has extensive interests, have presented us with particular problems. Nevertheless our trade in Canada was maintained and there was an increase in both sales and profit in South Africa.

CONCLUSION. The problems which face our business are directly related to the economic outlook of the nation. Our organisation is soundly based for long term development and our management well equipped to tackle the immediate difficulties which lie ahead. I repeat, as I have said previously, that our Company will continue to grow as the country's economy expands, as in the long term it will.

I am pleased to report that so far comparable sales and trading profits are higher than in the same period last year. I am hopeful that, subject to no unforeseen circumstances, the trading profits will compare favourably with those which I now have the honour to put before you.

Comparative Figures 1952-1961

Year ended 31st March.	Group Profit before Taxation.	Taxation.	Net Dividends paid to Stockholders of G.U.S. Ltd.	Cash Flow (Profit retained in Business plus Depreciation).	Group Net Assets.
	£	£	£	£	£
1952 ...	8,638,047	5,365,365	412,784	3,191,546	21,527,186
1953 ...	10,198,721	6,746,550	792,615	3,210,628	25,649,539
1954 ...	14,273,393	9,197,490	1,408,646	4,192,062	33,420,756
1955 ...	17,491,253	9,634,158	2,927,438	5,981,728	50,433,226
1956 ...	18,429,784	10,377,993	3,438,170	6,133,592	56,987,120
1957 ...	19,734,019	11,207,282	3,620,915	6,594,614	66,549,234
1958 ...	20,685,340	12,034,818	3,950,579	6,761,576	75,531,767
1959 ...	21,705,494	11,326,755	4,506,935	7,366,593	81,650,092
1960 ...	24,272,995	12,312,456	5,445,887	9,131,365	98,252,685
1961 ...	26,066,113	13,913,448	5,665,224	9,767,855	106,592,324

GUS

THE GREAT UNIVERSAL STORES LIMITED

OPERATING 2,625 SHOPS AND DEPOTS THROUGHOUT THE UNITED KINGDOM AND OVERSEAS

THE TAP & DIE CORPORATION LIMITED

Salient points from the Statement of the Chairman, Mr D. G. N. Lloyd-Lowles, at the Annual General Meeting on 26th October, 1961.

★ A company is being formed to acquire an engineering business at Biggleswade, mainly for the purpose of manufacturing special purpose machine tools for our own use and for export.

★ Our dominant position in the industry makes us far and away the largest exporters of screwing tools from the United Kingdom, and we are well poised to take advantage of the opportunities for expanding trade which will be offered if the United Kingdom joins the Common Market.

★ Our properties have recently been revalued at £1,200,000 compared with a book value of £520,000.

★ Net Assets now stand at £3,581,125 (excluding the increased value of the properties).

★ Profits before tax amounted to £827,181 for the year to 31st May, 1961, an increase of 17% over the previous twelve months.

★ The dividend of 20% for the year is covered 1.8 times.

★ Turnover is running at a rate well in excess of last year and given normal conditions we can be very confident of the future.

Rael-Brook Holdings Ltd.

PLANS FOR EXPANSION

The fifth annual general meeting of Rael-Brook Holdings Limited was held on October 20th in London, **Mr Harrry Rael-Brook** (chairman and managing director) presiding.

The following is an extract from his circulated statement:

During the year we increased our total sales by some 26 per cent and our export sales by approximately 19 per cent. After making the appropriate adjustments for the minority interest in our Italian subsidiaries, the net profit before taxation attributable to members of the holding company is £323,817 as compared with £231,879 for 1960. We have again placed the sum of £20,000 to general reserve.

Expansion of Interests

Rael-Brook began to manufacture shirts some 12 years ago with a capital of £1,000. It has now become the largest shirt manufacturer in the United Kingdom. This side of our business is still expanding and our share of the market is still growing. However, in order to accelerate our rate of expansion, we do not wish to restrict our activities purely to this field. We feel that the time has come to extend our activities over the men's wear industry as a whole. The basic problems of each section of the industry are the same, and we are satisfied that the management "know how" which we have developed will enable us to invest successfully in the other sections of the men's wear industry.

To pursue this policy, we have formed an investment holding company, Wellpax Investments Limited, to control and manage our existing and future interests apart from our United Kingdom shirt business. These interests at present include our companies in Italy and our most recent acquisition, S. Leader & Company Limited and its associated companies. It is intended that future investments should include all branches of the men's wear industry, both in the United Kingdom and in the Common Market countries, where a successful beginning has already been made.

It is my firm conviction that within a comparatively short period of years the profits attributable to Wellpax Investments Limited should be greater than those of the existing group.

Profit Forecast

Despite the slowness in the retail trade and the unsettled economic climate at the time of writing this statement, our sales are in excess of those for the same period of last year. We are still facing rising costs but subject to unforeseen circumstances, the profits for the year to April 19, 1962, including the initial profits of Wellpax Investments Limited, should show a gratifying increase over those of 1961.

Share Conversion Rights

I feel it is appropriate to draw the attention of those shareholders who own Convertible Preferred Ordinary Shares to their right to convert these Shares into Ordinary Shares on April 19th in each of the next four years. The proposed dividend on the Ordinary Shares in respect of the year to April 19, 1961, amounts to 37½ per cent compared with 33⅓ per cent on the Convertible Preferred Ordinary Shares.

The report and accounts were adopted.

EASTWOODS LIMITED

SUBSTANTIALLY IMPROVED RESULTS

The Annual Meeting of Eastwoods Limited will be held on November 16th in London.

The following is an extract from the review by **Sir Thomas Moore, Bt, CBE, MP,** *chairman*, circulated with the report and accounts:

The accounts to March 31, 1961, show a substantial improvement over the good results of the previous period. Every department of Eastwoods was extremely busy meeting the urgent requirements of the building and civil engineering industries and sales of our own products created a new record in the history of the Group. Deliveries of cement, bricks, concrete tiles, concrete pipes, and sand and ballast were at or near the limit of our productive capacity and our merchanted sales also expanded to a new high level of achievement.

In spite of increased costs of production due to substantial wage advances and increases in the price of coal and electricity, satisfactory profit margins were maintained on most of our various manufactures largely as a result of the economies derived from increased mechanization and peak production at all our undertakings.

The net profit of the Group was an all time record.

Various schemes of reorganisation and expansion are now receiving consideration, some of which will require very large expenditure on capital account.

Orders totalling £200,000 have been placed for further transport and we have received planning permission for construction of a kiln at our Otterham stock brick works in Kent, which will cost £100,000.

The board also have under active consideration the construction of a new kiln at our Cement works in Cambridgeshire, to give an output of 200,000 tons of cement clinker per annum. The cost of this comprehensive scheme would amount to about £2½ million and would take upwards of two years to complete from the date of placing the order. The method of financing this project is engaging our attention and if we proceed it is clear that at some stage it will be necessary to raise additional permanent finance.

CURRENT TRADING

Building activity has continued at an extremely high level right up to the present moment, but during the remaining months of the winter, we must expect the usual seasonal decline in building and to what degree, if any, this will be accentuated by the Chancellor's recent stringent measures it is difficult to gauge. I think there is certain to be a distinct slackening of impetus in the upsurge of building activity which normally takes place in the spring.

To make a reliable forecast in these uncertain circumstances is impossible, but Eastwoods' turnover to date is well ahead of the comparable period in 1960 and it is not unreasonable to hope that the results of the current financial year will prove to be not less satisfactory than those at present under review.

In the long term a large building programme is essential to the health, happiness and prosperity of this country and I am confident that a future of great activity lies ahead for the building industry in which Eastwoods are well equipped to take an increasing share.

ROBECO

SECOND INTERIM REPORT

Considerable alterations have taken place in the assets composition of your Company since our previous Interim Report. We have reduced liquid resources considerably and have used them mainly for Investment in American securities, whilst we have at the same time increased our interests in many European companies.

Spread of Investments	**1.10.61**	**1.6.61**
European Common Market inc. Dutch Internationals	**44·74%**	**(49·19%)**
U.S.A and Canada	**43·02%**	**(35·69%)**
Great Britain	**3·47%**	**(3·45%)**
Other Countries	**1·24%**	**(1·24%)**
Cash or Equivalent	**7·53%**	**(10·43%)**

United States: In the sectors where the outlook is most promising, e.g., the so-called savings and loan industry, the public utilities and the office equipment and packaged foods industries, we have made considerable additions to our holdings of selected stocks.

Europe: Our preference has been directed particularly to the consumer goods industry, to retail trade and to banks and insurance companies.

ROBECO's growth so far in 1961 has continued. On October 1st the issued capital amounted to f 187,116,450 and the net asset value of your Company reached more than f 865 million. The assets value of a ROBECO share, increased by the cost of issuing new shares, amounted on October 1st to f 242.50. The income account has **shown a** satisfactory tendency so far this year.

We are pleased to announce the distribution of an interim dividend of f 4.—(7s. 9d. approx.) per share. On the bearer shares dividend coupon No. 35 was declared payable on October 26th.

Copies of the full Interim Report and the last Annual Report in English can be obtained from the Company at P.O. Box 973, Rotterdam, Holland.

CAWOODS HOLDINGS LIMITED

The thirty-ninth Annual General Meeting was held on October 20, 1961, in Leeds, **Mr E. W. Towler** (the Chairman) presiding. The following is an extract from his circulated Statement:

The Group Trading Profit for the year under review is £497,075 compared with £505,810. Capital and Reserves increased from £1,553,398 to £1,688,971; the net current assets amount to £826,578. The Directors recommend a dividend of 1s. less Income Tax, per Stock Unit.

The Group Profits included the post-acquisition profits of the Morfitt and Heaton businesses and were adversely affected by the trading losses incurred in the closure of the West Drayton Works, the freehold of which has been sold at a substantial capital profit, which will mature in the current year's accounts. More coal was sold both at home and abroad, and the Briquette plants worked to capacity. A new fleet of barges is being built for service at the end of this year to Skelton Grange Power Station. Although competition in the Fuel Oil market has increased in severity our expanding organisation for the distribution of Regent products is expected to produce satisfactory returns. The quarry section of our business, in spite of the keenly competitive market, produced very satisfactory figures.

The trading profits this year show the anticipated improvement compared with last year, and with the inclusion of a full year's earnings from the Thrutchley Group and John Heaton Limited, satisfactorily increased group profits are expected this year.

The report was adopted.

UNION ESPANOLA DE EXPLOSIVOS S.A.

Paseo de la Castellana 20
MADRID

CHEMICAL MANUFACTURERS

Incorporated in Spain 1896

PRODUCERS OF :-

FERTILISERS :
Phosphates ;
Superphosphates ;
Nitrogen Compounds ;
Other organic Fertilisers.
INSECTICIDES and FUNGICIDES

POTASH
INDUSTRIAL and MILITARY EXPLOSIVES
INDUSTRIAL CHEMICALS :
Sulphuric Acid ;
Nitric Acid ;
Hydrochloric Acid ;
Acetic Acid ;
Caustic Soda ;
Liquid Chlorine ;
Calcium Carbide ;
and a full range of derivatives.

CAPITAL - AUTHORISED AND ISSUED
1,250,000,000 Pesetas in Ordinary Shares of 500 Pesetas each

BALANCE SHEET - AS AT 31st DECEMBER 1960

	Pesetas		*Pesetas*
Capital	1,000,000,000	Industrial Fixed Assets	963,489,916
Special Reserve	338,934	Other Fixed Assets	23,005,775
Legal and other Reserves	572,855,143	Special Reserve Fund	338,934
Debentures	921,000,000	Quoted Investments	298,626,206
Taxes Payable	71,700,237	Other Investments	367,065,108
Bills Payable	1,573,801	Patents	106,882
Sundry Creditors	694,828,280	Bills Receivable	188,212
Profit and Loss Account	121,062,052	Stores and Materials	915,223,219
		Prepayments	820,428
		Sundry Debtors	666,234,435
		Cash	46,459,332
		Dividend Account	101,800,000
Pesetas	3,383,358,447	Pesetas	3,383,358,447

BANKERS : BANCO HISPANO AMERICANO : BANCO URQUIJO.
LONDON FINANCIAL CORRESPONDENTS : DA PONTE & CO. LTD., *Private Bankers.*

ALEX. LAWRIE & COMPANY

The thirty-seventh annual general meeting of Alex. Lawrie & Company, Limited was held on October 25th in London, **Mr G. W. Gemmell** (the chairman) presiding.

The following is an extract from his circulated statement:

The Parent Company's profits for the year ended June 30, 1961, have shown a slight improvement, the net figure after tax being £105,088 as against £100,758 in 1960. As a result the Board have been able to put a further £45,000 to General Reserve and to recommend a final dividend of 7½ per cent, making a total for the year of 12½ per cent.

The Consolidated Accounts however do not show up quite so well, the net profit being down by £16,381, due I regret, almost entirely to the unprofitable year's trading suffered by our East African company, Kettles-Roy & Tysons Ltd. As a result the Group profit is therefore £91,169 (£107,550 in 1960) of which £47,700 (£55,000 in 1960) has been transferred to General Reserve.

The total interest of Alex. Lawrie & Co. shareholders has risen by £117,114 and stands at £1,824,574. This increase is mainly accounted for by the higher market value of our holding in Balmer Lawrie & Co. and the transfer to General Reserve.

The trading results of the Parent Company have followed very much the pattern of previous years.

The statement then reviewed in detail the activities of the Group's subsidiary and associated companies, and concluded:

Finally, I would like to express the Board's deep appreciation of and thanks for all that has been done by the staffs both in London and overseas to further the welfare and prosperity of all our companies and associated interests.

The report was adopted.

ARMSTRONG SHOCK ABSORBERS

The twenty-sixth annual general meeting of Armstrong Shock Absorbers Limited was held on October 23rd in London, **Mr Irvin Haylock, FCA,** presided in the absence of the Chairman and Managing Director, Mr William Armstrong, BSc, AMIMechE, AFRAeS.

The following is an extract from the Chairman's circulated statement:

The drop in profits during the Financial Year was due to the severe recession in the Motor Industry which lasted for five months last Winter. A similar and even more serious recession occurred in Australia and unfortunately this is still continuing. Added to these problems has been the general increase in costs due to Wage increases and it has been extraordinarily difficult to obtain even a proportion of these increased costs by means of price increases from our Customers. However the Commercial Vehicle industry continued at full production and our diversification programme, in particular Heli-Coil, was extremely helpful to the position. Also our direct Export business increased very considerably so that all in all your Directors feel that profits are at a level sufficient to maintain the Dividend of 25 per cent.

We are proposing that the name of the Company be altered to Armstrong Equipment Limited. The object of this is to reflect more appropriately the wider spread of the Company's activities outside the Shock Absorber field both at home and overseas.

At the time of writing (Mid-September) our factories at Beverley and York are operating at full load and the Motor Industry is going ahead with its considerable expansion plans so that we feel, with the Overseas and Export position, there are grounds for reasonable confidence regarding the current Financial Year.

The report was adopted and a resolution was passed changing the name of the Company to "Armstrong Equipment Limited."

For further appointments and other classified advertisements see pages 389 and 390

COMPANY AFFAIRS

New Problems for Fisons

DESPITE numerous attempts Fisons has been able to establish no more than a foothold in industries other than fertilisers. Bids for Crosse and Blackwell, British Drug Houses and Evans Medical have all been unsuccessful and the bulk of Fisons' profits continue to stem from fertiliser sales. The chairman, Sir Clavering Fison, had already forecast that profits in the year to June 30th last would be lower as the 1959-60 profits had benefited from an exceptional increase in fertiliser sales which partly reflected the very good harvest of 1959 and the introduction of the Small Farmer Grant Scheme. In 1960-61 fertiliser prices were reduced by 4 per cent and it seems unlikely that total sales rose at all, though a 4 per cent increase had been looked for. It was not therefore surprising that profits fell back from £6,840,000 to £5,773,000; the fall in net profits from £2,021,000 to £1,860,000 was much less steep, reflecting an unexpected reduction in depreciation and a much lower tax charge, which presumably results from bigger investment allowances. There had been some fears that the ordinary dividend would be reduced but in fact it has been maintained at 11 per cent, though the cover for it has fallen slightly to 1.7 times.

Fisons' attempts at diversification have been based on its substantial holdings of cash and investments. The size of these balances is always high on June 30th, when fertiliser stocks are low and most of the traders' accounts have been settled. But by June 30th this year, these liquid holdings had fallen sharply from £8.7 million to £3.9 million, the lowest level for some years. As capital commitments at that date amounted to £13½ million, against £2¼ million, it seems unlikely that the fall in liquid assets simply reflects spending on either of Fisons' two major development projects, the nitrogen plant to be built in conjunction with Esso at Milford Haven and the doubling of the ammonia capacity at Flixborough. These plants are expected to cost £12 million and the company plans to devote between £2 million and £3 million on building up its export business. Despite the company's contention that the major part of this expenditure can be met from "existing and accruing resources" the cash flow of about £2.7 million is unlikely to be sufficient in view of the sharp fall in liquid assets and it looks as if Fisons will have to come to the market for new funds before these programmes are completed in 1964. Not surprisingly the £1 shares at 34s. are close to their low point for the year and yield 6½ per cent. This is higher than the average yield offered by blue-chips and it reflects not only the possibility of a further share issue but also the uncertainty over the outcome of the common market negotiations. Fertiliser prices in Europe are generally lower than those in this country and any cuts in the agricultural subsidies could hit Fisons hard.

Rolls-Royce

HOPES of a more significant increase in the trading profits of Rolls-Royce for 1961 have been dashed by this week's interim statement; although this records an increase in sales from £51 million to £59 million in the first half of the year it contains much gloomy news besides. Shareholders are told that development expenditure on aero engines has been at a higher level than in any previous year. Part at least of this must be due to continued trouble with the big turbo-prop Tyne. Thus while the favourable trend in sales is expected to be reflected in the full year's figures it would seem likely that any increase in profit will be absorbed by another very heavy development charge (which in 1960 rose to £7¼ million, to make a total of over £20 million in three years). A substantial increase in working capital and high interest rates have also resulted in "unexpectedly large" charges for loan and bank interest; these should presumably show some reduction in the second half of the year following the issue in June of £12 million of a 6½ per cent debenture. Orders in hand have also shown a sharp fall and at the end of September amounted to £94 million, against £116 million at the end of 1960 when the delayed deliveries had swollen the total.

On the car side of the business, which now accounts for only 10 per cent of total sales, the outlook is depressing with the demand for Rolls-Royce and Bentley cars "severely reduced" following the budget proposal which limited to £2,000 the tax allowance which a buyer can claim on a car used for business purposes. The interim dividend has been doubled to 5 per cent in line with Lord Kindersley's forecast but it is not surprising that the directors say that the total distribution for 1961 will not be increased beyond the current rate of 11 per cent to which the dividend was raised for 1960. The £1 shares, which fell by 7½d. to 40s. on the interim statement, yield 5½ per cent.

Charterhouse

THE Charterhouse Group has passed its interim dividend, which amounted to 4 per cent in 1959-60 when a total dividend of 8 per cent was paid. The reason is further trouble from its hire purchase subsidiary, Charterhouse Credit, which last year made a loss of £1,305,000. Reorganisation of Charterhouse Credit was obviously likely to result in an operating loss in the current year, but after last year's drastic surgery the need to make a further bad and doubtful debt provision was certainly not expected. Sir Nutcombe Hume, chairman of the group, who six months ago was forecasting "a much better report" for this year, now reports that the trading loss and extra debt provision of the credit company may mean a reduction in group profits of "as much as £400,000." Sir Nutcombe does not say how much of this £400,000 is attributable to the trading loss and how much to bad debts. But he does add that it may be prudent to provide for further operating losses. Last year's loss was largely absorbed by the hire purchase company's preference capital and capital reserves so that only £333,000 came out of the group's profits. This time profits will have to bear the full loss. The net profits of the rest of the Group for the year to November 11th are likely to be the same as in 1959-60. Shareholders must now have serious doubts about the size of the final dividend.

Saxone Lilley and Skinner

THE boom in shoe sales continues, but sales depend very much on the whims of fashion and the shoe manufacturers need plenty of skill—and some good fortune—to keep in step with the bewildering changes in them. Now it seems that "stiletto" heels and "winkle-pickers" have passed out of favour and Saxone, Lilley and Skinner is having to cut its prices to avoid being left with stocks of unfashionable shoes. The benefit of higher sales has, in addition, been more than absorbed by higher costs, and the company's chairman, Mr J. S. Abbott, now forecasts lower profits for 1961.

Shareholders received this disquieting and unexpected news in a circular giving details of the one-for-one scrip issue that is to follow the revaluation of the group's properties. This has revealed a surplus over book values of over £12 million, but of this only the surplus of £5.6 million relating to freehold properties is being written into the accounts. The big surplus has drawn attention to the relatively low return Saxone earns on the capital it employs. The return is no more than 4½ per cent if leasehold as well as freehold properties are taken at current valuations. Mr Abbott says that each trading site is now being examined in relation to the contribution it makes to profits and he expects profits to rise again once this examination and the resulting "vigorous action" has been completed.

In the present state of the stock market the normal reaction to a forecast of lower profits would have been to mark the shares down, but, in fact, the 5s. shares were virtually unchanged at 26s. 6d., close to their 1961 peak. They offer a yield of under 3 per cent on the forecast of an effectively maintained dividend. This low return is certainly not justified by current trading prospects but reflects the steady buying of the shares and reports in the stock market

Continued on page 386

LONDON AND NEW YORK STOCKS

Prices, 1961 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Oct. 18, 1961	Price, Oct. 25, 1961	Net Yield, Oct. 25, 1961 §	Gross Yield, Oct. 25, 1961
					£ s. d.	£ s. d.
92½	88⅜	Savings Bonds 3% 1955-65	89 27/32	90 5/32	4 12 4	5 18 5l
101 1/32	99	Conversion 4½% 1962	99¾	99 25/32	2 5 6	5 2 6
96⅞	93¾	Exchequer 3% 1962-63	95 21/32	95 21/32	4 6 10	5 16 5l
101 5/16	98⅝	Treasury 5½% 1962	100 3/16	100 9/32	3 4 0	5 4 7
93 29/32	90¼	Exchequer 2½% 1963-64	92 3/16	92½	4 14 4	5 14 4l
99 19/32	96⅝	Conversion 4¾% 1963	98⅛	98 7/32	3 12 1	5 17 11
98 9/32	94½	Conversion 4½% 1964	96 21/32	96 13/16	4 2 7	5 17 7
101 5/16	96	Exchequer 5½% 1966	97 13/16	98 3/32	3 15 9	6 0 1
83⅛	78 3/16	Funding 3% 1959-69	81 7/16	82⅜	4 13 5	5 19 7l
89¾	84¾	Funding 4% 1960-90	87 1/16*	88¾*	3 10 8	5 3 11l
80 3/16	74⅝	Savings Bonds 3% 1960-70	78⅝	80 3/16	4 12 8	5 19 9l
84⅞	80¾	Savings Bonds 2½% 1964-67	84 1/16*	84¾*	4 14 1	5 15 4l
72 11/16	66¼	Savings Bonds 3% 1965-75	69 13/16	71 15/16	4 13 0	6 2 0l
84¼	78⅞	Funding 3% 1966-68	83 9/16	84¼	4 13 0	5 10 10l
97½	92½	Victory 4% 1920-76	93 9/16	93¾	3 8 7	5 1 11‡
85⅞	80¼	Conversion 3½% 1969	84 9/16	85⅞	4 9 6	6 0 0
93 5/16	87	Conversion 5% 1971	91 7/16	93	4 1 0	6 3 2
95 11/16	88½	Conversion 5¼% 1974	92 9/16	94¼	3 18 4	6 2 7
73⅛	66	Treasury 3½% 1977-80	69	71	4 10 6	6 5 7l
72¼	65	Treasury 3½% 1979-81	67⅞	69 7/16	4 11 7	6 6 6l
97 9/16	88½	Funding 5½% 1982-84	90 7/16	92½	3 18 10	6 5 2l
59½	51½	Redemption 3% 1986-96	53⅝	54½	4 8 3	6 4 6l
88¼	79¼	Treasury 5% 1986-89	80 1/16	81 13/16	4 3 7	6 8 5l
63 1/16	55	Funding 3½% 1999-2004	57½	57⅝	4 7 6	6 10 5l
94⅝	81⅝	Treasury 5½% 2008-12	82 15/16	83⅜	4 3 8	6 14 1l
65⅜	56½	Consols 4% ....after Feb. 1957	60¼	60½	4 1 9	6 14 4l
59¼	50½	War Loan 3½% ....after 1952	54	52⅞*	4 0 9	6 11 7l
59	50½	Conv. 3½% ....after Apr. 1961	52 11/16	52¾	4 1 6	6 13 4l
50⅞	43¼	Treasury 3% ....after Apr. 1966	45⅜	45¾	4 0 6	6 11 8l
44	36½	Consols 2½%	39½	39⅝	3 17 6	6 6 8l
43½	36½	Treasury 2½% ....after Apr. 1975	38 5/16	38⅜	4 0 0	6 10 11l
91⅜	85¾	British Electric 4½% 1967-69	90	91⅜	4 3 0	6 1 1l
75 11/16	70⅛	British Electric 3% 1968-73	73½	75⅛	4 13 9	6 1 7l
70⅝	64½	British Electric 3% 1974-77	67½	69½	4 13 2	6 2 6l
81⅞	74⅞	British Electric 4¼% 1974-79	77 5/16	78 15/16	4 6 6	6 5 2l
73½	67	British Electric 3½% 1976-79	68⅝*	70⅜*	4 11 3	6 4 11l
84⅞	78¾	British Gas 4% 1969-72	82 7/16	84¼	4 7 2	6 2 6l
81 13/16	76	British Gas 3½% 1969-71	80	81¾	4 9 9	6 0 11l
59⅜	51¾	British Gas 3% 1990-95	53¼*	54*	4 10 3	6 6 4l
75 11/16	70⅛	British Transport 3% 1968-73	73½	75⅛	4 13 9	6 1 7l
80⅞	74	British Transport 4% 1972-77	77⅛	78 13/16	4 7 4	6 4 9l
61 7/16	53¾	British Transport 3% 1978-88	57⅛	57⅞	4 12 11	6 7 7l

Prices, 1961 High	Low	DOMINION AND CORPORATION STOCKS	Price, Oct. 18, 1961	Price, Oct. 25, 1961	Yield, Oct. 25, 1961
					£ s. d.
82⅛	76½	Australia 3¼% 1965-69	81	82	6 5 0l
101	92¾	Australia 6% 1974-76	95½	96½	6 7 0l
72½	64½	Ceylon 4% 1973-75	65¾	65¾	8 5 0l
101⅛	92¾	New Zealand 6% 1976-80	94¾	95¾	6 9 0l
80½	70½	Rhodesia and Nyasaland 6% 1978-81	73	74½	8 18 0l
81	73	South Africa 3½% 1965-67	78	79½	8 2 0l
59	53½	Southern Rhodesia 4½% 1987-92	55	56	8 13 0l
94⅝	85⅛	Agricultural Mortgage 5½% 1980-85	86½	88	6 13 0l
89	82¼	Birmingham 4¼% 1967-70	85¾	87	6 7 0l
92¾	86½	Bristol 5% 1971-73	88½	90	6 7 0l
93	86½	Corporation of London 5¼% 1976-79	88¼	87*	6 6 0l
48¾	41	L.C.C. 3% ....after 1920	43¾	44¾	6 14 0l
89⅛	80⅛	L.C.C. 5% 1980-83	81½	83¼	6 9 0l
93	84¼	Middlesex 5¼% 1980	86	87½	6 8 0l

NEW YORK PRICES AND INDICES

	Oct. 18 $	Oct. 25 $		Oct. 18 $	Oct. 25 $		Oct. 18 $	Oct. 25 $
Atch. Topeka	28½	28⅛	Boeing	50⅞	47⅞	Int. Harvester	50¾	48
Can. Pacific	24⅜	24⅜	Celanese	34⅞	34	Inter. Nickel	82	80¼
Pennsylvania	14⅞	14¼	Chrysler	52	51⅜	Inter. Paper	37	36⅝
Union Pacific	36½	36⅛	Col. Palmolive	48⅜	47⅝	Kennecott	81⅜	79½
Amer. Electric	70½	72½	Crown Zeller.	60¾	60¼	Monsanto	51¾	52¼
Am. Tel. & Tel.	121⅜	122	Distillers Seag.	43½	43	Nat. Distillers	26¼	25⅝
Cons. Edison	81⅞	82⅝	Douglas	35	34⅛	Pan-American	19⅞	20½
Int. Tel. & Tel.	52½	52⅜	Dow Chemical	76½	72¾	Procter Gamble	95½	92¾
South'n. Nat. Gas	45	44⅝	Du Pont	226¾	231	Radio Corpn.	54⅜	52
United Corpn.	8⅝	8¾	East. Kodak	106	104¾	Sears Roebuck	80½	82½
Western Union	42¾	41½	Ford Motor	105⅛	103⅛	Shell Oil	39¼	38½
Alcoa	58¾	58⅜	Gen. Electric	75	72⅛	Socony-Mobil	44¼	45⅛
Aluminium	26⅞	27⅛	General Foods	94½	97⅞	Stand. Oil Ind.	47¾	48
Amer. Can	44¾	45⅝	General Motors	50⅛	48¾	Stand. Oil N.J.	44½	46⅞
Am. Smelting	67⅛	58¾	Goodyear	45⅞	45¼	Union Carbide	125¼	128
Am. Viscose	56¾	54⅛	Gulf Oil	36¾	37½	U.S. Steel	79½	75⅞
Anaconda	50	48¼	Heinz	62	64¾	West. Electric	41½	38¾
Beth. Steel	40⅛	40⅛	Int. Bus. Mach.	580	603½	Woolworth	80¾	84¼

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

1961	425 Industrials	Yield %	25 Rails	Yield %	50 Utilities	Yield %	Govt. Bonds	Yield %
Sept. 27	70·00	2·90	32·90	4·95	61·47	3·18	89·22	3·96
Oct. 4	70·57	2·88	34·54	4·71	63·24	3·11	89·22	3·96
„ 11	71·60	2·84	33·50	4·61	64·13	3·06	88·91	3·99
„ 18	71·68	2·83	34·80	4·68	64·00	3·07	88·91	3·99
„ 25	71·77	2·83	34·30	4·75	64·67	3·04	88·91	3·99

425 Industrials:—High, 72·38 (Aug. 22). Low, 60·87 (Jan. 3).

Prices, 1961 High	Low	Last Two Dividends (a)	(b) (c)	ORDINARY STOCKS	Price, Oct. 18, 1961	Price, Oct. 25, 1961	Yield, Oct. 25, 1961	Cover
		%	%	**BANKS, DISCOUNT & HP**				
89/7½	64/-	13 c	6½ a	Barclays £1	78/3	77/9	3·35	...
100/3	74/3	16 c	8 a	District £1	83/3	85/9	3·73	...
80/-	58/7½	13 c	5 a	Lloyds £1	62/-	63/-	3·46**	...
26/4½	18/7½	8 b	7 a	Martins 5/-	21/6	20/9	3·61	...
94/6	67/3	19 c	9½ a	Midland £1	83/-	83/-	3·61**	...
97/3	73/-	7 b	7 a	Nat Provincial £1	82/6	81/3	3·45	...
95/6	58/9	7 11/12 b	6⅔ a	Westminster 'B' £1	79/3	78/6	3·71	...
44/9	35/3	8 b	4 a	Australia & N.Z. ....£1 p.p.	35/3	36/6	6·58	...
52/-	41/-	6 b	4 a	Bk. Lond. & S. Amer. £1	42/3	42/3	4·73	...
£24⅞	£21 13/16	$2·05c	$2·05c	Bank of Montreal $10	£24 3/16	£24 5/16	2·91	...
30¾	25¼	8 c	9 c	Bank of New S. Wales £20	25¼	25½	5·65g	...
44/9	31/9	10 c	5 a	Barclays D.C.O. £1	32/3	33/9	5·93	...
60/7½	46/7½	7½ b	7½ a	Chartered £1	47/3¶	46/9¶	6·42	...
£21	£14⅝	5/- a	10/- b	Hongk'g. & Shang. $25	£17	£16¾	4·48	...
70/6	49/9	9 b	7½ a	Nat. Com. Bk. Scot. 10/-	51/-	51/3	3·22	...
£29 5/16	£25 15/16	$2·32½c	$2·37½c	Royal Bk. Canada $10	£26 11/16	£27 9/16	2·97	...
119/6	96/3	10 b	9 a	Royal Bk. of Scotland £1	100/3	101/6	3·74	...
40/3	32/-	5 a	10 b	Stand. Bk. S. Africa £1	35/-	37/6	8·00	...
165/-	95/-	22½ c	22½ c	Hambros ....£1 f.p.	127/6	130/-	3·46	...
89/6	59/6	5 b	2½ a	Schroders £1	76/6	78/6	1·91	...
60/6	45/6	6¼ a	6¼ b	Union Discount £1	51/3	53/3	4·69	...
27/4½	13/-	18 c	Nil a	Bowmaker 5/-	14/4½	13/4½	...	1¼
23/6	13/3	19 c	5 a	Lombard Banking 5/-	13/9	13/3	...	1
21/9	12/9	7½ b	5 a	Mercantile Credit 5/-	12/10½	12/9	4·90	1¼
210/-	132/-	4 a	22½ b	United Domins. Tst. £1	140/-	136/3	3·89	¾
				BREWERIES, Etc.				
13/-	11/-	...	...	Bass, M. & B. 5/-	12/3	12/9	4·31**	...
41/1½	31/-	5 a	8½ b	Distillers 10/-	35/1½	35/10½	3·76	2
26/9	13/-	6½ b	4 a	Flowers 5/-	17/9	17/6	3·00	2
60/6	50/-	14 2/7 b	8 a	Guinness 10/-	50/9	52/1½	4·22**	2
14/9	12/-	...	...	Ind Coope T.A. 5/-	13/4½	14/3	4·21**	...
42/-	30/-	7½ b	5 a	Teacher (Distillers) 10/-	33/9	34/-	3·68	2½
98/-	76/9	12 b	6 a	Watney Mann £1	91/-	93/-	3·87	2
34/6	26/-	27 c	9 a	Whitbread 'A' 5/-	33/-	34/-	3·97	1¾
				BUILDING, PAINT, Etc.				
64/-	44/10½	2⅔ a	5⅔ b	Associated Portland £1	46/4½‖	47/7½‖	3·50	2½
28/1½	19/10½	4 a	7¼ b	British Plaster Bd. 10/-	20/4½	19/10½	6·29	2¼
26/10½	16/1½	6 a	10 b	Richard Costain 5/-	16/4½	16/1½	4·96	2¾
13/-	9/4½	10 b	5 a	Crittall Mfg. 5/-	10/-	10/-	7·50	2
18/6	10/-	6 a	14 b	International Paints 4/-	11/3	11/6	6·96	1½
105/6	85/-	12⅓ b	5 a	London Brick £1	89/6	89/-	3·93	1¾
66/9	40/6	21⅞ c	25 c	Rugby Portland 5/-	49/4½	49/1½	2·54	3¼
28/4½	18/3	12½ b	7½ a	Taylor Woodrow 5/-	19/3	18/10½	5·30	1¼
167/1½	119/6	7½ a	17½ b	Wall Paper Defd. £1	124/9	121/9	4·11	2
				CHEMICAL				
29/3	20/3	14 b	6 a	Albright & Wilson 5/-	20/10½	21/6	4·65	2½
22/-	14/10½	11½ c	4 a	Borax Defd. 5/-	15/-	15/4½	3·74	3
58/9	33/6	7 b	4 a	Fisons £1	33/9	33/9	6·52	1¾
81/6	56/3	7½ b	6¼ a	I C I £1	58/1½	60/10½	4·52	2
26/10½	14/6	10 b	5 a	Monsanto 5/-	15/-	15/3	4·92	2½
				DRAPERY & STORES				
36/-	24/-	4 a	8 b	Boots Pure Drug 5/-	27/9	28/-	2·14	2¼
91/3	58/6	20 b	7½ a	Montague Burton 10/-	85/3	84/9	3·24	2
75/0¾	47/7½	5 5/6 a	13⅓ b	Debenhams 10/-	51/6¶	51/3¶	3·75	1¾
59/4½	45/-	12½ a	25 b	G.U.S. 'A' 5/-	47/10½	47/10½	3·92	2
46/9¾	33/4½	13⅓ a	16⅔ b	House of Fraser 5/-	35/9	35/3	4·26	1¼
21/1½	14/3	7⅓ b	5 a	Lewis's Invest. Tst. 4/-	14/5¼	14/5¼	3·42	2¼
106/9	85/1½	15 a	32½ b	Marks & Spencer 'A' 5/-	99/9	101/9	2·33	1½
53/10½	34/10½	20 b	10 a	United Drapery 5/-	44/3*	46/3*	3·24	1¾
62/1½	50/-	25 b	10 5/6 a	Woolworth 5/-	51/-	51/6	3·48	1½
				ELECTRICAL & RADIO				
48/6	28/3	10 b	5 a	A.E.I. £1	29/-	29/9	10·08	1
15/5¼	9/7½	...	15 c	Brit. Electronic Inds. 5/-	11/-	10/4½	7·23	¼
62/3	49/-	4 a	9½ b	B.I.C.C. £1	54/10½	55/6	4·86	2
14/7½	11/3	7½ b	5 a	Crompton Parkinson 5/-	11/6	11/7½	5·38	2¼
76/-	54/-	7½ a	15 5/6 b	Decca Record 10/-	56/-*	58/-*	4·02	2
52/-	35/-	5 a	12½ b	E.M.I. 10/-	37/3	36/3	4·83	2
38/-	25/9	5 a	8 b	Elliott-Automation 5/-	33/11¼	34/0¾	1·91	2
40/6	26/3	3 a	7 b	English Electric £1	27/9	27/9	7·21	1½
39/6	24/3	3 a	7 b	General Electric £1	25/3	24/9	8·08	¾
72/9	47/-	8⅛ b	4⅜ a	C. A. Parsons £1	48/6	48/9	5·13	4
52/3	37/6	6½ b	3¼ a	A. Reyrolle £1	38/6	38/6	5·06	2¾
63/-	45/3	25 c	25 c	Thorn Electrical 5/-	58/-	57/-	21·9	3
				ENGINEERING				
36/9	18/9	9 c	Nil a	Babcock & Wilcox £1	21/3	21/6	...	1
48/9	30/4½	4 a	7 b	John Brown £1	32/4½	30/4½	7·24	2¾
8/4½	4/7½	9 b	3 a	Cammell Laird 5/-	4/9	4/9	12·63	1½
33/9	22/4½	20 b	10 a	Internat. Combust. 5/-	22/10½	22/7½	6·63	1½
9/1½	4/-	...	...	Rich'ds'ns. Westg'th. 10/-	4/4½	4/-	...	...
40/-	28/-	9½ b	2½ a	Swan Hunter £1	31/4½	31/1½	7·71	2¼
17/4½	12/7½	5 c	5 a	John Thompson 5/-	12/9	12/7½	1·98	...
33/10½	21/8¼	†7½ c	†2½ a	Coventry Gauge 10/-	29/1½	29/-	4·22	2¼
79/9	51/6	†6 b	†2½ a	Alfred Herbert £1	59/-	60/-	4·63	1¾
78/-	49/3	7½ a	12½ b	Allied Ironfounders £1	51/-	49/3	8·12	1½
110/-	83/-	5 a	10 b	Averys £1	85/6	85/-	3·53	2½
36/10½	19/3	7⅔ b	4 a	B.S.A. 10/-	19/4½	19/9	5·91	2¾
14/9	9/-	8½ b	4½ a	George Cohen 5/-	9/9	9/-	7·22	1¾
44/4½	29/6	10 a	17½ b	Davy-Ashmore 5/-	32/6	30/-	4·58	2¼
108/7½	75/6	5 a	11 b	Guest Keen £1	78/6	76/9	4·17	3½
31/-	18/3	4 a	12 b	Head Wrightson 5/-	21/1½	18/9	4·27	2½
100/3	68/3	5 a	7 b	Metal Box £1	78/3	76/3	3·15	2¼
22/6	14/-	4 a	10 b	Ransome & Marles 5/-	15/-	14/9	4·75	3
50/6	34/6	3 a	7 b	Renold Chains £1	39/6	38/9	5·16	2
44/1½	29/7½	10 a	17½ b	Simon Engineering 5/-	35/6	32/-	4·30	2
85/6	54/-	14 c	7 a	Tube Investments £1	56/-	57/6	4·87	2¾
38/4½	25/10½	7½ b	2½ a	Vickers £1	26/7½	25/10½	7·73	1¾
84/6	64/6	3¾ a	10 b	Ward (Thos. W.) £1	67/6	66/-	4·17	3½
30/-	20/-	5 a	22½ b	Woodall-Duckham 5/-	20/3	20/3	5·19**	2¾

* Ex dividend. † Tax free. ‡ Assumed average life 7¾ 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. (l) To latest date.

Prices, 1961 High	Low	Last Two Dividends (a)	(b) (c)	ORDINARY STOCKS	Price, Oct. 18, 1961	Price, Oct. 25, 1961	Yield, Oct. 25, 1961	Cover
		%	%	**FOOD & TOBACCO**				
34/-	17/4½	10 c	10 c	Allied Suppliers 10/-	17/4½	17/7½	5·67	2¼
15/-	7/9¾	10 a	12½ b	Assoc. British Foods 1/-	11/3	11/6	1·96	2
74/-	55/-	8 b	4 a	Bovril £1	56/3	55/9	4·30	2½
15/6	11/9	†2 1/12 a	†4 7/12 b	Brooke Bond 'B' 5/-	12/6	13/-	4·18	3¾
19/3	12/6	2½ a	10 b	International Tea 5/-	12/9	12/6	5·00	1½
107/9	65/-	5 a	10 5/6 b	J. Lyons 'A' £1	65/3	65/-	4·87	1¼
35/6	25/9	9 b	5 a	Ranks 10/-	28/6	29/4½	4·77	2
14/0¾	10/4½	7½ b	2½ a	Spillers 5/-	10/6*	10/6*	4·76	2
50/-	38/7½	9 b	3 a	Tate & Lyle £1	38/7½‖	40/10½‖	5·87	2
20/10½	15/4½	5 a	9 b	Unigate 5/-	15/7½	15/6	4·52	2
73/-	56/9	†21⅔ c	†11⅔ a	Brit. Amer. Tobac. 10/-	60/6	58/-	6·10	2¾
51/6	40/-	15 b	5 a	Gallaher 10/-	40/9	40/3	4·97	2
71/6	65/3	14 b	3½ a	Imperial Tobacco £1	67/-	68/6	6·57	1¾
				INSURANCE				
15¼	11 5/16	†55 b	†50 a	Britannic 5/-	12⅝	12⅝	3·40	...
86/3	60/6	25 b	20 a	Commercial Union 5/-	62/-*	61/9*	3·64	...
32	17⅞	†41·17c	†41·17c	Equity & Law Life 8/6	28 1/16	28¾	0·99	...
88/4½	51/10½	20 b	10 a	General Accident 5/-	75/-	73/6	2·04	...
60/6	42/7½	40 b	35 a	Guardian 5/-	48/-	45/9	2·91**	...
39½	23¼	80 a	110 b	Legal & General 5/-	34¼	34½	1·38	...
146/-	100/-	11½ b	8½ a	Northern & Empl. £1	121/6	121/6	3·29	...
272/6	156/3	†70 b	†20 a	Pearl 5/-	200/-	207/6	3·54	...
29	18	†183⅓ c	†208⅓ c	Prudential 'A' 4/-	21⅝	22½	3·02	...
49/3	38/10½	...	...	Royal 5/-	41/3*	43/3*	3·47**	...
129/3	100/3	11¼ b	7½ a	Royal Exchange £1	102/3	102/3	3·67	...
				MOTORS & AIRCRAFT				
18/10½	12/10½	12½ b	7½ a	British Motor 5/-	12/10½	13/3	7·55	2½
86/3	66/1½	20 c	20 c	Jaguar Cars 'A' 5/-	80/-	82/1½	1·22	7¾
48/6	39/6	11 c	5 a	Rolls-Royce £1	39/9	40/-	5·50	2¼
10/-	6/-	12 c	12 c	Rootes Motors 'A' 4/-	6/6	6/9	7·11	5¼
88/9	52/2¼	15 b	7½ a	A.C.V. £1	66/6	66/6	4·81**	2½
101/-	77/7½	15 c	20 c	Leyland Motors £1	77/9	82/4½	4·85	...
18/6	14/-	9 b	3½ a	Bristol Aeroplane 10/-	15/4½*	16/-*	7·81	2¼
33/3	26/9	10 a	5 b	Hawker Siddeley £1	26/9	27/-	7·85**	1¼
41/3	31/9	†4 a	†5½ b	Dowty Group 10/-	33/3	32/9	4·74	2¼
28/10½	21/6	15 5/6 c	5 a	Dunlop Rubber 10/-	25/7½*	25/4½	6·24	2
72/-	49/9	11¼ b	2½ a	Joseph Lucas £1	50/1½	50/4½	5·46	3
33/3	15/9	9 a	21 b	Pressed Steel 5/-	16/-	17/9¾	8·42	1¼
46/3	29/3	15 c	12½ c	Triplex Holdings 10/-	29/3	29/6	4·24	2
				MINES				
168/9	110/-	50 b	40 a	Anglo-American 10/-	127/6*	132/6*	6·79	1½
67/3	43/-	18¾ b	6¼ b	Consolid. Gold Fields £1	54/-	55/9	8·97	2
108/9	72/6	15 a	20 b	General Mining £1	86/3	87/6	8·00	2
68/6	40/-	120 b	40 a	Union Corporation 2/6	50/9	51/6	7·77	3
25/3	15/3	40 a	40 b	Daggafontein 5/-	16/9	16/9	23·88	1½
125/-	73/9	70 a	100 b	Free State Geduld 5/-	94/4½	93/9	9·07	2
54/3	37/6	25 a	25 b	Hartebeestfontein 10/-	41/3	42/6	11·74	1½
64/6	41/10½	50 a	60 b	President Brand 5/-	49/4½	48/9	11·28	1½
157/6	101/3	90 a	120 b	Western Holdings 5/-	115/7½	116/10½	8·98	1¼
28/6	15/9	...	8⅓ a	Winkelhaak 10/-	18/6	18/6	...	8½
75/3	55/-	36⅔ b	13⅓ a	Chartered 15/-	59/6	59/6	12·61	2
63/6	51/3	20 a	60 b	Rhod. Anglo-Amer. 10/-	52/3*	52/-*	15·38h	2
11/7½	8/1½	4 11/16 a	9 b	Rhod. Selection Tst. 5/-	8/3	8/3	8·30h	2¼
6/1½	4/10½	4⅙ a	8 b	Roan Antelope 5/-	5/1½	5/1½	11·90h	1¾
30/9	18/9	15 a	17½ b	Tanganyika Cons. 10/-	19/-	19/6	16·67	1½
81/6	58/6	6¼ a	13¾ b	Consolidated Zinc £1	59/-	59/3	6·75	1¾
159/4½	110/-	150 b	100 a	De Beers Defd. Reg. 5/-	136/10½	136/3	9·17	1¾
$159	$104	$1·50c	$1·50c	Internat. Nickel ....n.p.v.	$145	$144¾	1·84	...
18/9	10/9	27½ b	7½ a	London Tin 4/-	16/4½	15/1½	9·26	1¼
45/-	30/-	20 c	27½ c	Rio Tinto 10/-	36/10½	37/6	7·33	1½
44/3	17/9	52½ c	20 a	Tronoh 5/-	30/1½‖	28/6‖	9·21	1
				OIL				
61/6	41/3	†8⅓ b	†3⅓ a	British Petroleum £1	42/3	41/6	9·18	2¼
49/6	32/6	†2½ a	†6⅞ b	Burmah Oil £1	34/3	32/9	9·35	1¼
52/-	36/-	13¾ b	6¼ a	Castrol 10/-	37/3*	36/-*	5·55	2½
£15 1/16	£10⅝	23·87c	11⅛ a	Royal Dutch ....20 fl.	£11⅝*	£11 13/16*	3·98	2¾
139/7½	108/9	†20·8 c	†10 a	Shell Transport £1	115/6	115/-	5·92	3
41/3	24/3	...	...	Ultramar 10/-	27/9	27/4½	... d	...
				PAPER & NEWSPAPERS				
14/7½	9/10½	10 b	5 a	Daily Mirror 5/-	12/7½	12/4½	6·06	1¼
91/-	57/6	4 a	8 b	W. H. Smith & Son 'A' £1	59/6	60/-	4·00	2
20/-	17/9	...	10 a	Thomson Org'n. 5/-	20/-	20/-	6·00**	2
66/3	43/6	8¾ b	5 a	Bowater Paper £1	44/3	44/-	6·25	1½
56/6	42/6	9 a	7 b	Albert E. Reed £1	42/6	42/9	7·49	1½
54/3	37/6	4 a	8½ b	Spicers £1	41/6	41/9	5·99	1¾
68/9	50/6	4 a	10 b	Wiggins Teape £1	55/6	55/-	5·09	2

Prices, 1961 High	Low	Last Two Dividends (a)	(b) (c)	ORDINARY STOCKS	Price, Oct. 18, 1961	Price, Oct. 25, 1961	Yield, Oct. 25, 1961	Cover
		%	%	**MISCELLANEOUS**				
62/-	43/-	20 a	60 b	Assoc. British Picture 5/-	46/3	47/3	6·35	2¾
34/6	26/9	20 a	40 b	Assoc. Television 'A' 5/-	29/10½	29/7½	10·13	1¾
51/9	41/4½	16 a	14 b	Beecham Group 5/-	46/4½	49/3¾	3·04	1¾
54/3	31/4½	3⅓ a	6⅔ b	British Match £1	32/4½	31/7½	6·32	2
28/4½	14/9	6⅔ b	4 a	British Oxygen 5/-	14/9	15/6	3·44	2½
13/-	7/10½	7 b	3 a	British Ropes 5/-	7/11¼	8/-	6·25	2¼
70/-	45/-	7½ a	15 b	De La Rue 10/-	47/6	45/-	5·00	2
50/-	31/9	20 c	7½ a	Gestetner 'A' 5/-	35/6*	36/-*	2·78	3¼
73/9	52/6	6 a	9 b	Glaxo 10/-	55/3*	55/9*	2·69	3¼
57/6	45/6	3 a	12 b	Harrisons & Cr. Defd. £1	45/6	45/6	6·59	2¾
55/6	35/6	40 b	5 a	Hoover 'A' 5/-	41/10½	44/-	5·11	2¼
28/-	18/9	12½ b	5 a	Ilford 5/-	18/9	19/3	4·55	2
107/3	56/3	7¼ b	4 a	I.C.T. £1	87/3	90/-	2·50	2¾
78/9	42/6	12½ c	12½ c	National Canning £1	43/9	42/6	5·88	1
37/3	29/6	6 a	10 b	Powell Duffryn 10/-	32/3	32/3	4·96	2¼
30/3	24/7½	15 b	5 a	Radio Rentals 5/-	27/-	27/-	3·70	3
37/6	18/9	7½ a	15 b	Rank Organisation 5/-	25/6	26/9	4·21	2½
43/3	30/9	16½ b	7½ a	Schweppes 5/-	31/3	30/9	3·90	1¾
39/-	27/6	20 c	25 c	Sears 'A' 5/-	32/0¾	32/11¼	3·79	2¼
28/4½	21/7½	11½ b	8½ a	Thomas Tilling 4/-	23/9*	23/9*	3·37	2
78/-	55/-	12 c	4 a	Turner & Newall £1	57/-	55/6	4·32	2¼
166/6	130/-	9·042a	15·5b	Unilever £1	150/-	153/9	3·19	3¼
11 15/32	8¾	8 a	13 b	Unilever N.V. ....12 fl.	10 3/16	10 15/32	2·37	3¼
22/6	13/9	10 b	5 a	United Glass 5/-	14/9	15/3	4·92	2½
42/1½	30/-	†10 5/6 b	†4⅙ a	United Molasses 10/-	30/6	30/3	8·10	1
				SHIPPING				
46/3	33/6	6½ a	13½ b	Brit. & Com'wealth. 10/-	37/3	33/6	5·97	2
20/-	13/6	8 c	6 c	Cunard £1	17/-	14/-	...	...
24/9	19/10½	17 c	7 c	France Fenwick £1	20/1½	19/10½	7·04	½
50/6	32/3	10 c	10 c	Furness Withy £1	33/3	33/-	6·06	1
15/-	10/6	7½ a	10 b	London & Overseas 5/-	10/10½	10/6	8·33	...
48/6	31/3	8 b	3 a	P & O Defd. £1	36/3	32/4½	6·80	1
17/9	12/-	2½ c	2½ c	Reardon Smith 10/-	13/-	12/-	2·08	...
25/-	12/10½	8 c	5 c	Royal Mail £1	13/9	12/10½	7·77	...
				STEEL				
74/10½	48/6	6 a	10 b	Colvilles £1	48/10½	51/1½	6·26	4½
43/7½	26/6	6½ b	3½ a	Dorman Long £1	27/4½	27/1½	7·37	2½
49/10½	30/9	7½ b	3½ a	Lancashire Steel £1	31/1½	31/1½	7·07	3½
42/-	24/4½	8 b	4 a	South Durham £1	24/10½	24/4½	9·85	2
47/8¼	31/-	7½ b	5 a	Steel Co. of Wales £1	33/9	34/7½	7·22	2¾
57/4½	40/1½	15 c	5 a	Stewarts & Lloyds £1	41/4½	40/10½	7·34	3½
68/7½	42/1½	9 b	6 a	John Summers £1	42/7½	42/7½	7·04	2¾
55/7½	38/-	12 b	4·8a	United Steel £1	39/10½	40/3	6·11**	3
63/6	46/-	8¾ b	6¼ a	Whitehead £1	46/-	46/-	6·52	3¼
				TEXTILES				
42/7½	24/7½	7½ b	5 a	English Sewing Cotton £1	25/1½	25/1½	9·95	1½
31/10½	22/1½	5 a	10 b	Fine Spinners £1	22/7½	22/4½	13·41	2
70/4½	45/3	17½ b	7½ a	Lancashire Cotton £1	46/-	46/6	10·75	1½
47/6	30/3	4⅙ a	5 5/6 b	Courtaulds £1	32/7½	31/10½	6·27	1¾
8/9	5/7½	9⅓ b	4 a	Illingworth Morris 4/-	5/7½	5/7½	9·48	1½
75/3	62/-	13 b	8 a	West Riding Worsted £1	73/-	73/-	5·75	2
37/3	26/3	7½ b	2½ a	Woolcombers £1	28/-	27/6	7·27	2
20/7½	12/1½	3 c	6 c	Bradford Dyers £1	12/10½	12/7½	9·50	1¼
16/2¼	11/6	7½ a	13¾ b	Calico Printers 5/-	11/9	11/9	8·51**	3¼
55/10½	38/6	...	...	Coats, Patons & B. £1	39/7½	40/4½	6·19**	2
13/7½	9/10½	3 a	10 b	Jute Industries 10/-	10/3	10/3	12·68	3
35/3	23/1½	10 c	10 c	Tootal £1	23/4½	23/1½	8·65	1¼
				TRUSTS, LAND & PROPERTY				
70/-	52/6	12½ a	25 b	Alliance Trust 5/-	63/6	63/3	2·96	1¼
57/10½	42/6	37½ b	12½ a	B.E.T. 'A' Defd. 5/-	48/6	48/9	5·13	1½
20/-	12/7½	10 c	10 c	Cable & Wireless 5/-	16/7½	17/1½	2·92	1¾
65/9	47/-	20 c	23⅓ a	City Centre Props. 5/-	54/3	53/6	2·37**	¾
95/6	64/3	7½ b	3½ a	City Lond. Real Prop. £1	72/3	72/9	3·02	1
100/7½	72/6	7·04a	9·04b	Hudson's Bay £1	83/9	90/-	3·57	1¾
36/-	22/3	2 a	4 b	Land Securities 10/-	28/3	27/6	2·18	1
38/3	26/6	12 1/12 c	3⅓ a	Lond. Cnty. Freehld. 10/-	28/6	31/6	3·84	1
				TEA & RUBBER				
47/6	40/6	†25 b	†2½ a	Cons. Tea & Lands £1	46/6*	46/6*	19·31	1
35/6	28/9	†3 a	†11 b	Jokai (Assam) £1	[illegible]	32/-*	14·28	2
11/-	8/6	...	...	Nuwara Eliya £1	9/-	9/-	...	...
6/10½	4/8¼	29⅙ b	12½ a	Highlands & Lowlands 2/-	4/8¼*	4/8¼*	17·78	1½
7/4½	5/4½	10 a	35 b	London Asiatic 2/-	5/4½	5/6	16·36	2
93/-	76/-	12½ a	37½ b	United Sua Betong £1	76/-	77/6	12·90	1½

The Economist Indicator (1953=100)

1961	Indicator	Yield %	1961 High	1961 Low
Sept. 20	361·2	5·14	427·2 (May 10)	342·7 (Oct. 18)
„ 27	355·7	5·26		
Oct. 4	350·8	5·36		
„ 11	346·7	5·36		
„ 18	342·7	5·41		
„ 25	345·0	5·41		

Financial Times Indices

1961	Index †	Ord. Yield	Fixed Int. ‡	2½% Consols Yield	Bargains Marked
Oct. 19	288·0	5·48	83·03	6·31	10,414
„ 20	291·0	5·42	83·17	6·31	11,385
„ 23	288·7	5·47	83·24	6·32	15,100
„ 24	285·2	5·53	83·60	6·31	11,656
„ 25	287·0	5·50	83·81	6·31	11,141

High, 365·7 (May 15). Low, 284·7 (Oct. 16).
† July 1, 1935=100. ‡ 1928=100.

UNIT TRUST PRICES

	September 27		October 25	
Allied Investors:				
Elect. & Ind. D.	9/8½	10/5	9/11	10/7½
Metals & Mins.	14/1	15/-	13/9	14/8*
British Life Office:				
British Life Units	4/10½	5/1½	4/10½	5/1½*
Commonwealth Unit Tst. Fund:				
A E & G Un. Tst.	14/4½	15/1½	13/11	14/8
Commonwealth	9/9½	10/6½	9/7	10/4*
Orthodox Unit.	12/6	13/3*	12/4½	13/1½
Municipal & Gen.:				
Second M & G.	8/10½	9/4½	8/7¼	9/1
M & G Gen. Tst.	11/10¼	12/6¼*	11/6½	12/2¼
Mid. Ind. & Gen.	8/8¾	9/2½	8/5½	8/11
P. Hill, Higginson, Erlangers:				
Brit. Shareholdrs.	13/1	14/-	12/10½	13/9½
B S Intern'l.	9/9	10/5	9/9	10/5
Save & Pros. Gp.:				
Insurance Units.	15/5	16/5	15/8	16/8½
Bank Insurance.	6/6½	7/-*	6/7½	7/1*
Bank Units	8/11	9/6	9/-	9/7
Investment Tst.	6/11	7/4½	6/8½	7/2*
Consol'd. BITS.	13/1	13/11½	13/0½	13/11
Crosby Capital.	7/1½	7/7	7/1	7/6½
Crosby Income.	4/7½	4/10*	4/7½	4/10
Scotbits	—	—	4/8	5/-
Scotshares	4/8½	5/0½	4/6½	4/10½
Shield Fd. Mngrs.:				
Shield Un. Fund	4/3¾	4/7	4/2½	4/6
Dillon Walker:				
Community Un.	27¾	2/10¾	2/6¾	2/9¾*
Falcon Trust	4/4	4/8½	4/3	4/7½
Unicorn Trust	5/11	6/4½*	5/9	6/2½

** Yields based on assumed dividends:—A.C.V., 16%. Bass, Mitchells & B., 11%. Calico Printers, 20%. City & Centre Props., 25⅓%. Coats, Patons & B., 12½%. Guardian, 26⅔%. Guinness, 22%. Hawker Siddeley, 10·6%. Ind Coope, T.A., 12% on merger terms. Lloyds Bank, 10⅚%. Midland Bank, 15%. Royal Assurance, 30%. Thomson Organisation, 24%. United Steel, 12·3%. Woodall-Duckham, 21%.

Continued from page 383

that a bid from Mr Clore's Sears Holdings, is possible. If it acquired Saxone's 475 shops, its shoe empire would become even more dominant. However, with the possibility of a bid hanging over them, the Saxone directors who own a sizeable but not a controlling interest in the equity seem to be intent on making a more profitable use of the company's assets. This is not the first time that even the bare mention of Mr Clore's name has made a board of directors take a long, hard look at its policies.

New Placings

DEALINGS have started this week in the shares of three newcomers to the stock market but of these only **Cumulus Investment Trust** is a recently formed company. Cazenove and Co. have placed 129,998 of its 500,000 ordinary shares of £1 each at 28s., as well as £300,000 of a 7 per cent debenture 1984-87 at £99. It is an indication of the directors' confidence in the future growth of equities that it is prepared to invest in them the proceeds of a fixed interest issue on which they are committed to pay the high interest rate of 7 per cent for the next 25 years. Their aim is to maintain a high gearing and they say that this will mean in the trust's early years retaining a much higher proportion of its income than is normal for an investment trust and that hence it is unlikely that any dividend will be paid for the year to October, 1962. Clearly this trust is designed for the surtax payer who will be more interested in the long-term growth prospects than immediate income; the management's undoubted investment ability enhances these prospects and on Thursday the shares rose to 31s. Among the trust's existing holdings are a 10 per cent stake in the discount house, Smith St Aubyn, and an 11 per cent stake in Witan Investment. It also has acquired from one of its directors, Sir Edwin Herbert, his holding of 56,000 "A" shares in the unquoted Associated-Rediffusion.

After the placing of 20 per cent of the equity of **Caffyns**, the directors and their families will hold about one third of the ordinary shares but will control almost 59 per cent of the votes through their holding of voting second preference shares. Caffyns has been in the motor trade since the turn of the century and while its business has grown steadily it has confined its operations to Kent and Sussex, where it has 56 properties. It is one of the principal motor agents in those counties but over 50 per cent of its profits come from the service and repairs side of the business. In the past two trading years pre-tax profits have been around £350,000, much higher than the levels of earlier years. Turnover in the first five months of the current year was 5 per cent higher than in the corresponding period in 1960 and the directors expect profits at least to be maintained so that the forecast dividend of 15 per cent would be covered 1.9 times. Placed at 10s. 3d. the shares rose to 10s. 9d. and yield 7 per cent.

The placing of just over one quarter of the ordinary capital of **Frank Cooper** will provide the company with £128,000. This will be used to finance a new factory in Oxford, which will enable the company to add to the production of its Oxford marmalades and other branded products. Exports at the moment account for about 15 per cent of total production. Cooper's profits are vulnerable to fluctuations in the prices of its raw materials but in the first half of the current year turnover was 11 per cent higher so that the directors forecast pre-tax profits of not less than £70,000, almost double the average of the previous five years. On this basis the forecast dividend of 8 per cent would be covered 1.8 times and the 5s. shares closed on Thursday at 9s., against the placing price of 7s. 3d., to yield 4½ per cent.

Daily Mirror

THE sharp rise in the profits of the Daily Mirror group in the six months to August 31st, from £2,320,000 in 1960 to £5,688,000 naturally owes a great deal to the inclusion of Odhams' results into the latest accounts. If Odhams did as well as in 1960 its profits would have been about £2½ million in the half-year and on this reckoning the profits of the Mirror group, excluding Odhams, would have been about £1 million higher even though only one month's profit from Imperial Paper Mills, which was sold at the end of March, was included.

Higher profits from the group's original interests are possible because the price of the *Daily Mirror* has been raised and because some immediate savings in promotional costs following the acquisition of Odhams may have been achieved. But the directors say that the second half of the year will show less satisfactory results because additional expenses will arise in consolidating the merger of women's magazines and that "the full benefits from these operations" should appear in the 1962-63 results. The interim dividend has been left unchanged at 5 per cent on the increased capital of £31.2 million and on the forecast of a total payment of not less than 15 per cent the 5s. ordinary shares at 12s. 4½d. yield 6 per cent.

Johannesburg Consolidated

THERE are few shares where the relationship between the net asset value and the market price is so out of line as the £1 shares of Johannesburg Consolidated. They stand at 42s. 3d. to offer a yield of 11¾ per cent, but at June 30th last the shares had a net asset value of 90s. a share. This valuation, moreover, is based conservatively on London prices which, because of South Africa's restrictions on capital outflows, stand at about a 20 per cent discount on Johannesburg prices.

This mining finance house is registered in South Africa, but it pays taxes in this country. It was thus faced with difficult problems when the exchange control regulations were imposed in June, but the South African authorities have now agreed that it should be regarded as a "non-resident" company. This agreement enables it to remit to this country any of its South African income which is not needed there. "Johnnies'" principal interests outside the republic of South Africa are in Rhodesian copper through the investments it owns in the operating companies and "Chartered." Copper, together with diamonds and platinum, contributed over two-thirds of its total income in 1960-61 of £2,888,000, against £2,521,000. This level is unlikely to be maintained in the current year, for the copper producing companies have recently reduced their final dividends and so has the major platinum producer, Rustenburg. Nor does a bigger payment from De Beers seem to be in prospect and the directors of "Johnnies" do not expect income arising from investments in the gold mines to alter significantly this year. "Johnnies" has substantial investments in two developing mines, Western Areas and Freddies, and to the latter it has made a temporary loan of £625,000.

The 11¾ per cent yield, well above the returns given by other leading mining finance shares, clearly reflects the political risks on both sides of the Limpopo as well as the prospect of a lower income. Even so, the dividend of 5s. a share was covered over 2½ times (or just under twice if the special tax relief for investment depreciation is excluded) and a reduction in it appears unlikely.

Wall Paper Manufacturers

THE steady climb in Wall Paper Manufacturers' profits since 1957 was halted in the year to June 30th last but the fall in profits was less sharp than had been expected. At the time of the rights issue in June the directors forecast that profits would amount to £5 million but in the event they came to £5,160,000, compared with £6,078,000 in 1959-60. WPM acquired control of two major paint and wall paper manufacturers, K.L. Holdings and Smith and Walton early in the year, but the directors say that these acquisitions contributed comparatively little to the consolidated results. Net profits have fallen by as much as 22½ per cent from £3,353,000 to £2,693,000 so that the cover for the dividend of 25 per cent on the increased deferred capital has fallen from 3 to 2.1 times.

The fall in profits has not unduly worried the stock market, for the directors have forecast that earnings in the year to June 30, 1962, should improve because of "greater efficiency as a result of capital expenditure on plant and buildings." Both the new acquisitions should also contribute more to profits in the current financial year. The rights issue raised almost £10 million and as this lessens the group's dependence on bank overdrafts (which amounted to £8½ million at the end

of June) the reduction in gross interest charges should boost net earnings. The prospect that factors such as these will produce a recovery in earnings is reflected in the yield of 4.1 per cent offered by the £1 deferred ordinary shares at 121s. 9d., which is well below the peak for the year.

Rover

SALES by the Rover Car Company rose to record levels both at home and abroad in 1959-60 and profits rose sharply. But a year ago the chairman, Mr S. B. Wilks, warned shareholders that the outlook was by no means as bright and the preliminary figures for the year to August 5 now show that trading profits have fallen by 23 per cent. Gross profits after depreciation fell by 19 per cent from £2,765,000 to £2,234,000 and as the tax charge has been reduced by £581,000 to £1,007,000, net profits have actually risen by nearly 5 per cent from £1,174,000 to £1,229,000. This is an unusual result and it may arise from an exceptional combination of circumstances. The reduction in depreciation may reflect the decision to write off completely body dies on the current models in the 1959-60 accounts while the fall in the tax charge may partly reflect the incidence of capital allowances arising from the company's development programme, which in keeping with the company's restricted share in the vehicle market is a comparatively modest one.

The dividend has been maintained at 15⅝ per cent on the capital as increased by the one-for-five rights issue, but inevitably the cover has fallen, from 3 to 2½ times. Rover differs from most of the big motor manufacturers in that it earns its bread and butter from Land-Rovers, whose share of production and contribution to profits is much higher than cars proper. The prices of these models are below the £2,000 limit on tax concession cars for companies, but so far this has done nothing to boost sales and the difficulties of such a small manufacturer as Rover, which remains dependent on the continuing success of the Land-Rover, is reflected in the yield of 6¾ per cent offered by the 5s. shares which currently stand at 11s. 10½d.

Brooke Bond

THOUGH Brooke Bond's gross profit for the year to June 30th fell from £4,395,000 to £4,062,000, there is certainly no sign yet that this thrustful group is losing its grip on the market for packet teas in this country. Turnover of the group rose by £5 million to £108 million, and most of this improvement was apparently in sales of packet teas at home and overseas. But as well as blending and distributing tea, Brooke Bond has substantial plantation interests. Whether the group was more affected by the complex changes in the factors affecting its widespread tea growing interests or by narrower profit margins on its sales of packet teas will probably be made clear in the chairman's statement. The total dividend for the year has been maintained at 4d. a share, free of tax, giving a yield of 4.2 per cent on the 5s. "B" shares at 13s. Brooke Bond has consistently followed the policy of ploughing back a big proportion of its earnings into the expansion of its distribution and growing activities. Not surprisingly, there is to be a one-for-five scrip issue to bring issued capital more into line with capital employed in the business. The group has plenty of liquid resources, of which the recent bid for Doom Dooma will absorb about £1½ million.

Robeco

SHAREHOLDERS of General Accident, Rawlplug, Tesco and Transport Development can find support for their confidence in the long term growth prospects of these companies across the Channel for Robeco (Rotterdamsch Beleggingsconsortium NV), the big European investment trust, added these companies to its British portfolio between June and October. Only one of these four shares yields over 2 per cent gross, which is equivalent to 1¼ per cent net to the trust. It has also added to its existing holdings of other low yielding shares such as Beecham, Davy-Ashmore, Glaxo, International Computers and Tabulators, Jaguar "A," Sears "A" and Associated British Foods. Robeco now also has a much bigger stake in Marks and Spencer. But it has sold part of its holdings in Imperial Chemical Industries, Tube Investments and Great Universal Stores and shareholders in these companies should note that Robeco's investment policy has been to sell or reduce its stake in companies "the long term prospects of which do not indicate a steady increment of profit."

British companies however account for only 3½ per cent of Robeco's portfolio which on October 1st was worth about £86½ million. American stocks now represent 40 per cent of the portfolio, against 29 per cent at the end of 1960, and with the management taking a favourable view of the American economy its cash holdings have been halved since the beginning of the year to 7½ per cent of the total in building up the dollar portfolio. At the same time Robeco has added to its interests in many European companies, although the managers note that the rate of increase in production in Europe is levelling out.

The shares of Fl.50 in this trust are to have a London quotation soon and dealings just in this country will be possible in sub-shares, representing one tenth of a Robeco share, which at the current price of about £25½ yield 3½ per cent gross. Their attraction for the English investor is not the high dollar content of the portfolio (which can also be found in a number of English trusts) but as a means of obtaining a stake in common market securities.

London Stock Exchange

FIRST DEALINGS:	Oct. 2	Oct. 16	Oct. 30
LAST DEALINGS:	Oct. 13	Oct. 27	Nov. 10
ACCOUNT DAY:	Oct. 24	Nov. 7	Nov. 21

THE outstanding feature of the stock market over the week to Wednesday has again been the continued rise in gilt edged prices, helped by the Chancellor's statements on the state of the economy; prices are already discounting a further fall in Bank rate. Before the weekend equities met enough investment buying to push prices up but these gains were lost on Monday and Tuesday when the market was unsettled by the possibility that a capital gains tax might be introduced before the budget. However a slight rally among the leaders on Wednesday following a more optimistic statement from the Chancellor helped to offset the falls of the previous two days. Over the week to Wednesday, *The Economist* indicator rose for the first time in seven weeks gaining 2.3 points to 345.0

The demand for gilt-edged has brought good gains throughout the range of maturities. Exchequer 5½ per cent 1966 gained [illegible] to 98[illegible]; Funding 5½ per cent 1982-84 rose sharply by 2[illegible] points to 92[illegible] but among undated stocks 2½ per cent Consols were a bare ⅛ higher at 39⅜. The LCC 6½ per cent 1971-72 loan issued at 96½ rose to a premium of 5⅛.

Bank shares showed mixed movements over the week, but Standard Bank of South Africa was prominent with a gain of 2s. 6d. to 37s. 6d., but among hire purchase houses falls were commonplace; Charterhouse lost 2s. 7½d. to 14s. after the news of further losses by its hire purchase subsidiary. Insurance shares were also dull and Guardian dropped 2s. 3d. to 45s. 9d. Breweries however maintained their strength of recent weeks and Whitbread "A" gained 1s. to 34s., helped by the news of the link with Heineken's. Chemical shares rose with ICI gaining 2s. 9d. to 60s. 10½d. Among stores, Macowards lost 9d. to 11s. 3d. on the bid for Thomas Wallis and some leaders lost small amounts though Marks and Spencer gained 2s. to 101s. 9d. The Cunard decision naturally hit shipping and shipbuilding shares; Cunard lost 3s. to 14s. and John Brown 2s. to 30s. 4½d. American buying helped Beecham to put on 3s. to 49s. 4½d. and the formal application by Unilever for a New York quotation brought in American buyers and led to a further rise of 3s. 9d. to 153s. 9d. American orders for British cars also boosted motor share prices with Jaguar "A" gaining 2s. 1½d. to 82s. 1½d. and Leyland Motors 4s. 7½d. to 82s. 4½d. BMC showed a more modest rise of 4½d. to 13s. 3d. Textile properties and steels were subdued and oil shares fell slightly. Kaffirs were firm before the weekend but fell back afterwards until local investment buying raised prices on Wednesday. Anglo American made a net gain of 5s. to 132s. 6d.

APPOINTMENTS

DEPARTMENT OF TECHNICAL CO-OPERATION APPOINTMENTS UNDER THE COLOMBO PLAN FOR

INDIAN STEELWORKS

GENERAL SUPERINTENDENT

A General Superintendent is urgently required for a fully integrated modern steel plant of 1 million ton capacity with expansion planned to 1.6 million tons, in course of commissioning at Durgapur in India, with complete responsibility to the General Manager for control of operations. The duties of the post would include, but be somewhat wider than, the duties of a Works Manager in the United Kingdom.

This post calls not only for considerable experience of up-to-date steelworks practice, but also for a proven record of successively increasing management experience, including preferably service as Works Manager or equivalent.

Candidates must possess appropriate technical qualifications and experience and should be preferably in the age range 35 to 55.

It is intended that this appointment will be for a minimum period of three years with every chance of extension for the right man. Where applicable, every effort will be made to arrange with the successful candidate's present Company for the safeguarding of seniority, pension rights and promotion prospects during secondment.

Pay and allowances will be subject to negotiation, but for the right man they will be about £9,000 (single) and £10,000 (married) including tax free overseas allowance. Annual home leave, passages and medical attention for self and family, accommodation and transport provided.

ASSISTANT GENERAL SUPERINTENDENT

An Assistant General Superintendent is also required for the same Works in India. He will be responsible to the General Superintendent. The post requires a man with wide knowledge of engineering maintenance who is prepared to undertake pioneering work of national importance in what may sometimes be exacting conditions.

The appointment will be for an initial period of three years. The pay and allowances for a suitable man would approximate to £5,500 (single) and £6,500 (married) including tax free overseas allowance. Apart from pay his conditions of service would be broadly the same as those of the General Superintendent.

Successful applicants for both these posts will be appointed and paid by the Department of Technical Co-operation but will be engaged to serve Hindustan Steel Ltd.

Applications, in confidence, giving full details, should be addressed to the Director-General, Department of Technical Co-operation, 2-6, Carlton House Terrace, London, S.W.1, and should be received not later than 22nd November, 1961, and the envelope should be marked "Posts at Durgapur Steelworks."

BRITISH COUNCIL

EDUCATIONAL CO-OPERATION IN THE COMMONWEALTH

INDIA

Applications are invited for the following posts:—

(a) **OSMANIA UNIVERSITY, HYDERABAD: (i) VISITING PROFESSOR of ECONOMICS and (ii) VISITING PROFESSOR of POLITICAL SCIENCE.** Appointment to be taken up in 1962. Contract with University and British Council for two years.

(b) **UNIVERSITY of RAJASTHAN, JAIPUR: PROFESSOR of, or READER in, ECONOMETRICS and PUBLIC ADMINISTRATION.** Appointment to the Professorship or Readership will depend upon the calibre of the successful candidate. If the appoint-

(continued in next column)

ment is made to a Professorship it will involve the establishment of a Department. Commencement of appointment, July, 1962. Contract with University and British Council for two years renewable.

Candidates must be British graduates with appropriate qualifications and experience.

In both cases, salary on a scale, for a Professor, of £2,700 to £3,700; for a Reader, of £1,980 by £75 to £2,505. Overseas allowance. Children's and home education allowances. Free furnished accommodation. Installation grant. Medical scheme. Outward car freight paid. Fares paid, and for family (including mid-tour passages for children in U.K.). Employer's portion U.K. superannuation paid. Secondment from home employment may be arranged.

Write, quoting L.10M (61) for the University of Rajasthan, and L.12M (61) for Osmania University, and enclosing stamped addressed foolscap envelop to Director, Recruitment Department British Council, 65, Davies Street, London, W.1, for further particulars and application form to be returned completed within two weeks of receipt.

MSL have been retained to advise on the appointment

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Candidates, age 35 to 45, must have had experience of directing and supervising similar work in a firm of stockbrokers or a large investing organisation.

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In no circumstances will a candidate's identity be disclosed to our client unless he gives permission after a confidential interview at which he will be given full details of the appointment.

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BBC requires Production Assistant for "To-night" to contribute generally to programme formulation and content; help producers in programme preparation and administration; in research, selection and direction of film stories and presentation of studio items. This requires developed visual imagination, wide range of interests and ability to translate programme ideas into practical television. Essential qualifications include ability to work at sustained speed on location and in studios, and upon preparation of commentaries and other written matter; positive interest in current affairs; experience in handling scripts or films; ability to work constructively as member of a highly professional team. Experience of journalism and working for a magazine programme, preferably in television, would be advantages. Salary £1,380 (possibly higher if qualifications exceptional) rising by five annual increments to £1,780 max. p.a. Requests for application forms (enclosing addressed envelope and quoting reference 61.G.408 Ect.) should reach Appointments Officer, Broadcasting House, London, W.1., within five days.

THE UNIVERSITY OF SHEFFIELD

Applications are invited for a post of LECTURER or ASSISTANT LECTURER in STATISTICS to begin duties on 1st January, 1962, or as soon as possible thereafter. Salary scales: Lecturer, [illegible] £1,850; Assistant Lecturer, [illegible] with F.S.S.U. provision and family allowances. Initial salary on either scale according to qualifications and experience. A grant towards removal expenses will be made. Further particulars may be obtained from the Registrar, to whom applications ([illegible] copies) should be sent by 18th November, 1961.

For further appointments and other classified advertisements see pages 382 and 389.

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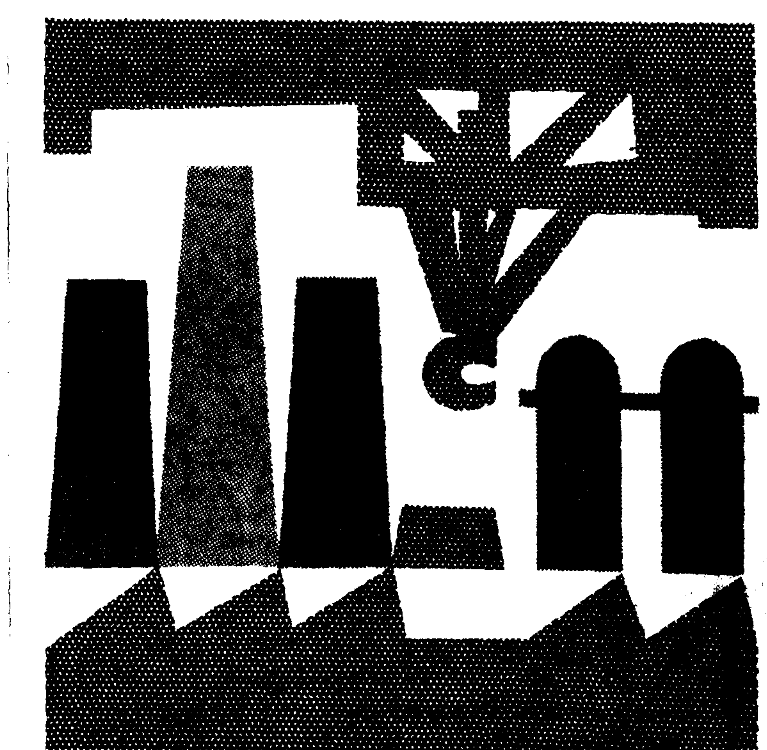

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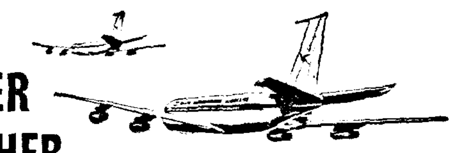

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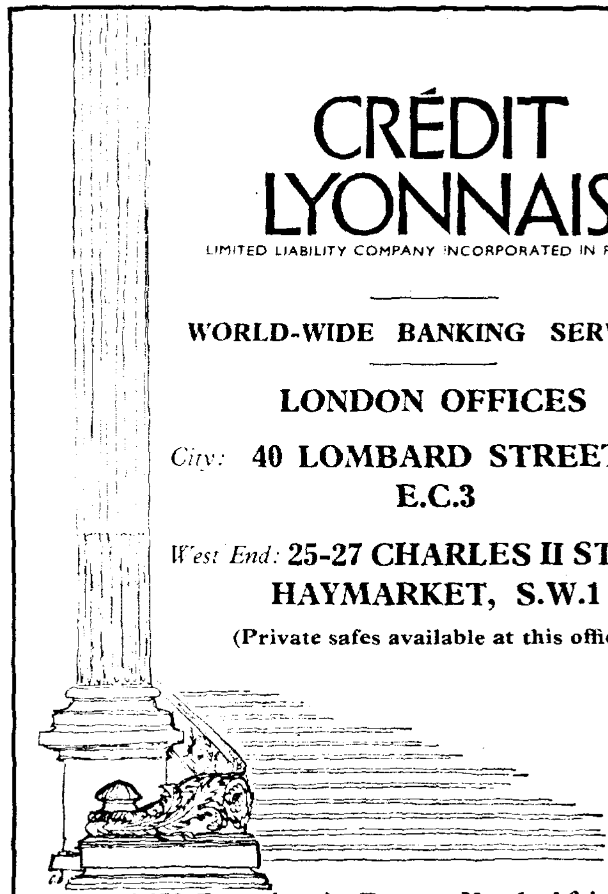

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THE ECONOMIST OCTOBER 28, 1961

BLYVOORUITZICHT GOLD MINING COMPANY, LTD.

(Incorporated in the Republic of South Africa.)

Extracted from the Annual Report for the Year ended 30th June, 1961.

Ore Milled 1,622,000 tons. Slime treated for Uranium Oxide 2,110,650 tons.

Gold yield		Uranium Oxide yield	
oz. fine	dwt. per ton	lb.	lb. per ton
1,046.542	12.904	751,875	0.356

				Per ton milled
Gold				
Total Working Revenue		R26,382,382		R16.26
Total Working Expenditure		10,416,998		6.42
Working Profit		15,965,384		R9.84
Uranium and Sulphuric Acid Working Profit		3,779,000		
Total Working Profit		19,744,384		
Sundry Revenue *less* Expenses		242,847		
		19,987,231		
Taxation (R8,337,828) and Mineral Lease Consideration (R2,027,211)		10,365,039		
Profit after Taxation and Mineral Lease Consideration		9,622,192		
Balance of Income and Expenditure Account at 30th June, 1960		6,096,441		
			R15,718,633	
Dividends—Nos. 30 and 31, each of 13c per share		6,240,000		
Transfers to Capital Reserve:				
Repayment on account of capital portion of uranium and acid loans	R1,113,493			
Net expenditure on mining assets and trade investments	2,833,289			
		3,946,782		
			10,186,782	
Balance of Income and Expenditure Account at 30th June, 1961			R5,531,851	

The full Report and Accounts may be obtained from the London Secretaries A. MOIR & CO. LTD., 4 London Wall Buildings, London, E.C.2.

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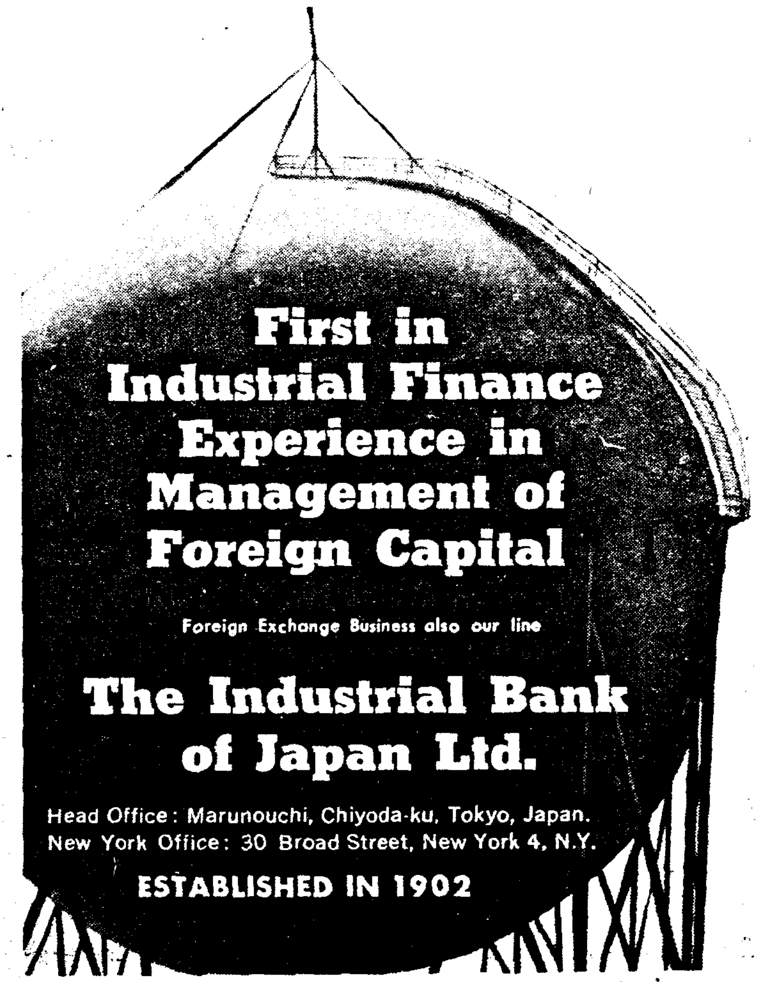

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