

The Economist

1961

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The Economist

NOVEMBER 11, 1961

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INTERNATIONAL

LOOKING AT LEADERS

A YEAR ON THE NEW FRONTIER

President Kennedy has shown an unexpected lack of assertiveness since he was elected a year ago. His reluctance to do battle with America's vocal right wing has flawed his conduct of foreign policy (p. 523). There is now a danger of an ill-considered resumption of nuclear tests (p. 529).

But Europe would do well to remember that the Administration of the United States seems to be about to launch a drive for freer trade; and that during the past six months President Kennedy has been trying to revolutionise the western philosophy of aid. In both fields Europe can and should help (p. 527).

As in the formulation of foreign policy, so at home: Mr Kennedy's chief problem is the shaping of American public opinion nearer to his aspirations. He is embarked on a large educative process to that end (p. 549) particularly to liberalise America's trading policies (p. 553). Some election results suggest that the auguries may not be unfavourable (p. 550).

Accusations that the Administration is hostile to business are exaggerated; it cannot afford to be (p. 550).

Dr Adenauer has patched together a coalition that will be under attack from within and without the Bundestag (p. 564). His own

position is much the same as before; but the way the long governmental crisis has been conducted has raised doubt in Germany about the life expectancy of the Bonn system (p. 526).

Mr Khrushchev has to display great dexterity if the post-Stalin wind of change is not to blow him away before his time (p. 563).

President Nasser, partly in order to regain momentum after the collapse of the United Arab Republic, is embarking on a large, and largely obscure, process of democratisation (p. 568).

Mr U Thant, amid general relief, has at length been chosen as the Acting Secretary-General of the United Nations (p. 532).

The President of Ecuador succumbed to riots, and his successor had to meet army opposition; none of the Andean republics is doing more than postpone further explosions (p. 531).

London has been having a look at Mr Kenyatta (p. 530).

LOOKING AT PLACES . . .

In Brussels the negotiations for Britain's entry into the Common Market are now much concerned with the difficulties in the way (p. 570); France has been assuming British approval for *l'Europe des patries* (p. 532).

Mr Dean Rusk has been having a look at Japan's isolated economic position and its problems (p. 537).

Mr Duncan Sandys had a look at Ghana, and decided that it was safe for the Queen to do so too (p. 529).

HOME

DOWN

UP

. . . in the air

Britain is not building enough houses, and those that are being built—particularly by local authorities—are not often available to those who really need them: the answer lies not in controls but in the freer play of market forces (p. 525).

The regional planning which might ease the housing situation is notably lacking in drive: but new ideas are available (p. 548).

Mr Lloyd's capital gains tax is tangled in nice definitions: it ignores the changing tide of opinion about the probity of such a tax (p. 573).

. . . to the minute?

The shanty town at London Airport North has at last been replaced (p. 575).

Brewers are putting their money on new ideas—lager and "container" draught: but consumption will need to double in the next decade if they are not to be out of pocket (p. 576). Americans, with "instant" beer, are answering a different problem (p. 559).

The prospects for new newspapers at home (p. 537) are at best weakly glowing. But in America three national newspapers are to try to span the continent within the year (p. 557).

. . . in arms

The long-expected wages showdown, averted in other fields, could conceivably come in the electricity supply industry (p. 531).

. . . in the mouth

Lord Robens and the prophets of Lurgi have been cut to the quick by ministerial approval for methane imports (p. 580).

Tired, inept or merely vindictive, MPs—and more particularly front benchers—had little cause to feel self-satisfied last week (p. 530).

The proposed restrictions on immigration worry the nourishers of Ireland's chief export—people (p. 546). Some questions by Sir Cyril Osborne—and some answers (p. 538).

. . . on the table

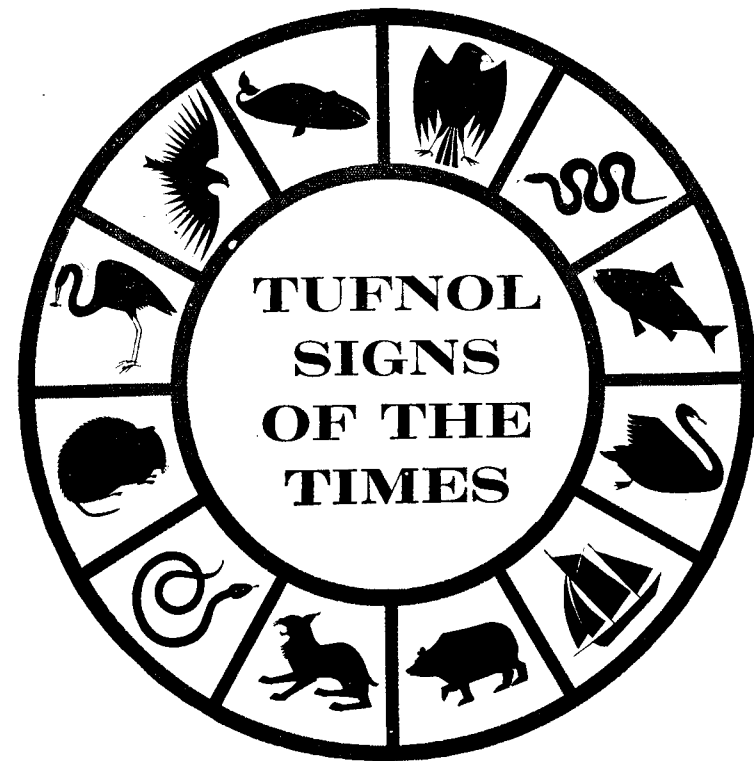
New legislation goes ahead: in Criminal Justice Administration, to reduce the law's delays (p. 532); in Education, to reduce the price to parents of their children's university education (p. 531); in the training of Social Workers and Health Visitors, to reduce confusion and overwork (p. 538); in Transport, to leave managers to make their own decisions (p. 588).

. . . among the dead men

De mortuis nil . . . but the latest volley has just been fired in the posthumous war over Lord Cherwell's work (p. 541).

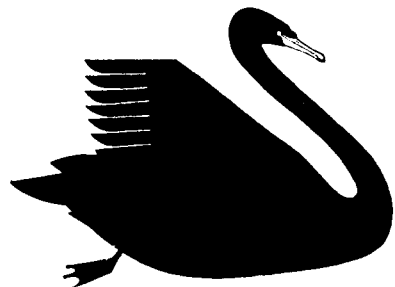
How the pound nearly floated—a chapter from Cherwell (p. 584).

Detailed contents on page 523



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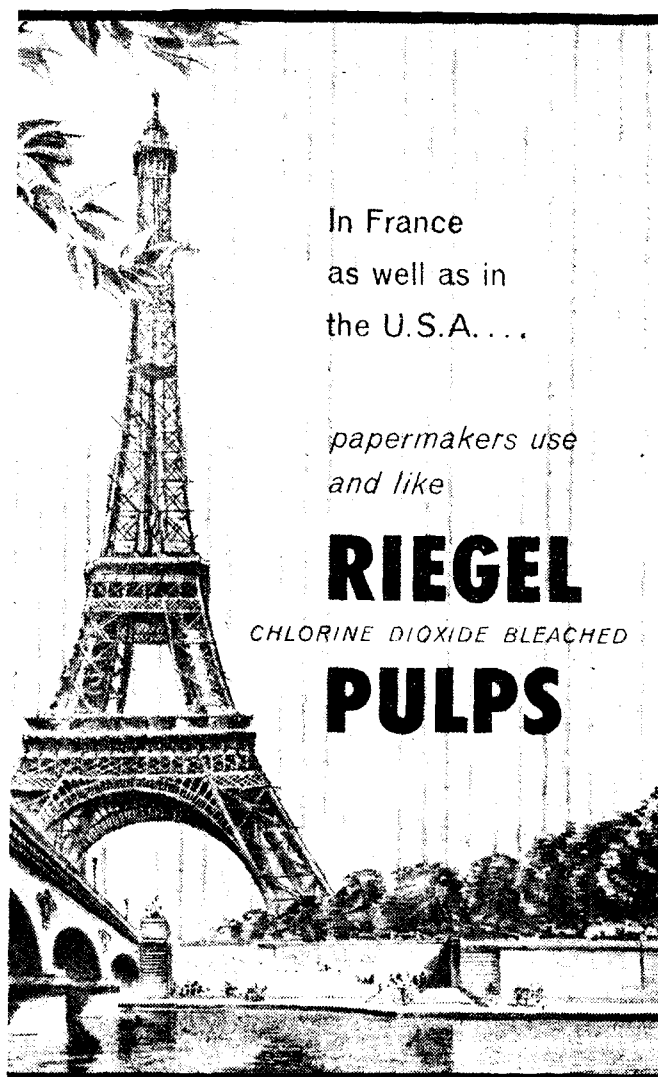
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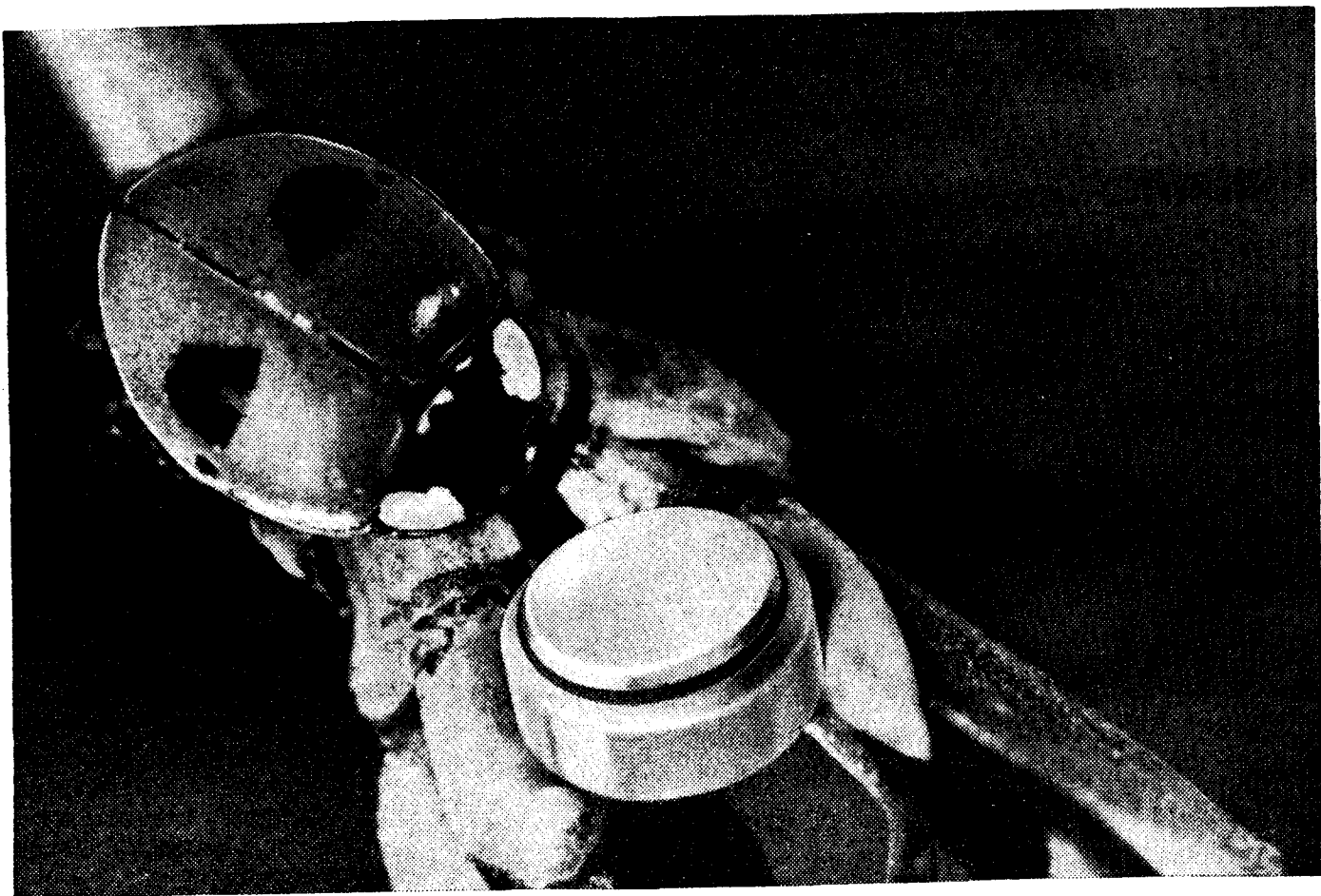
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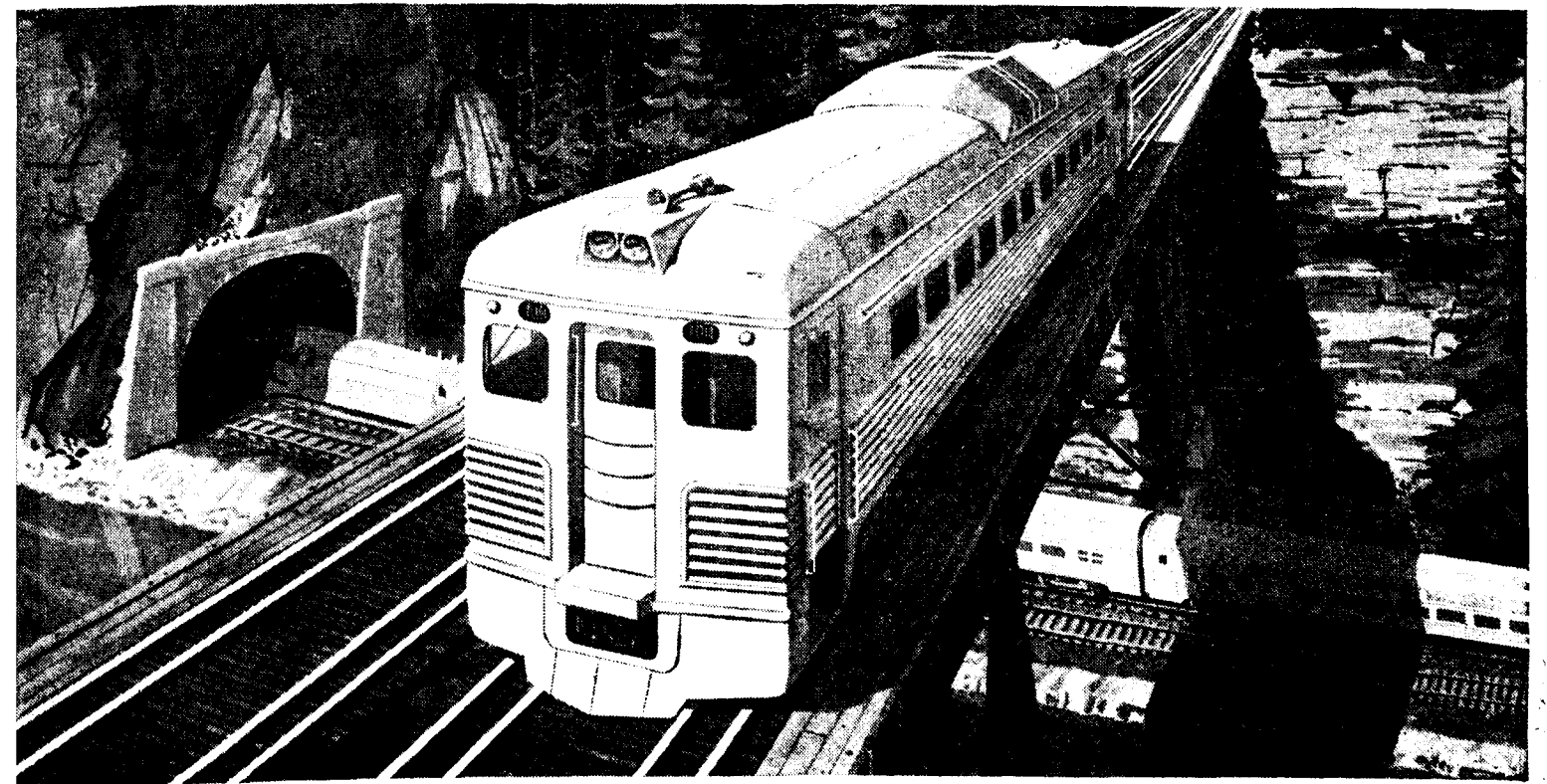
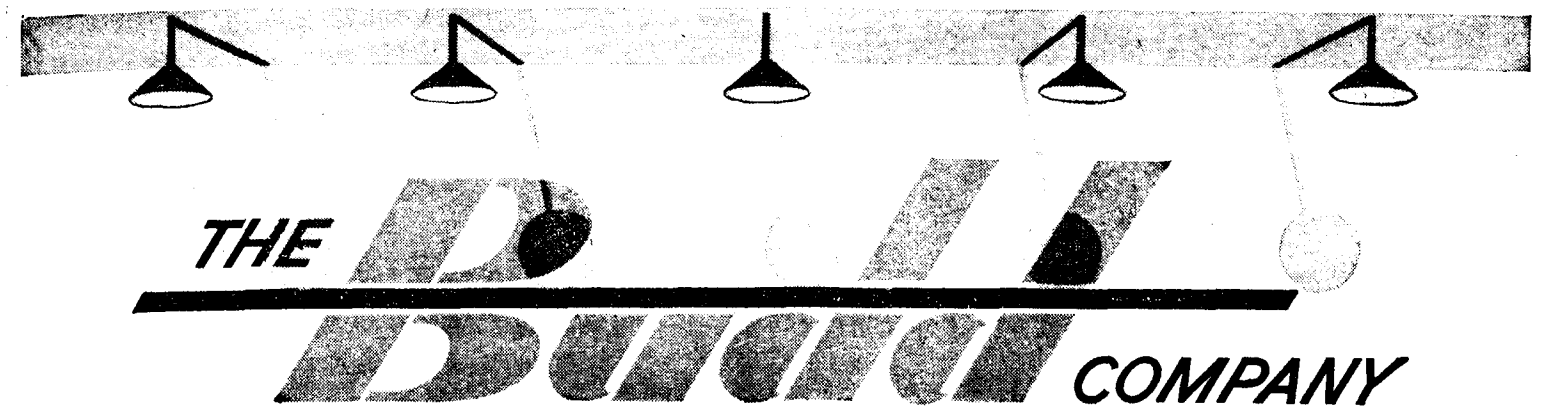
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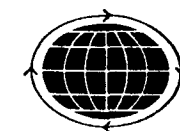
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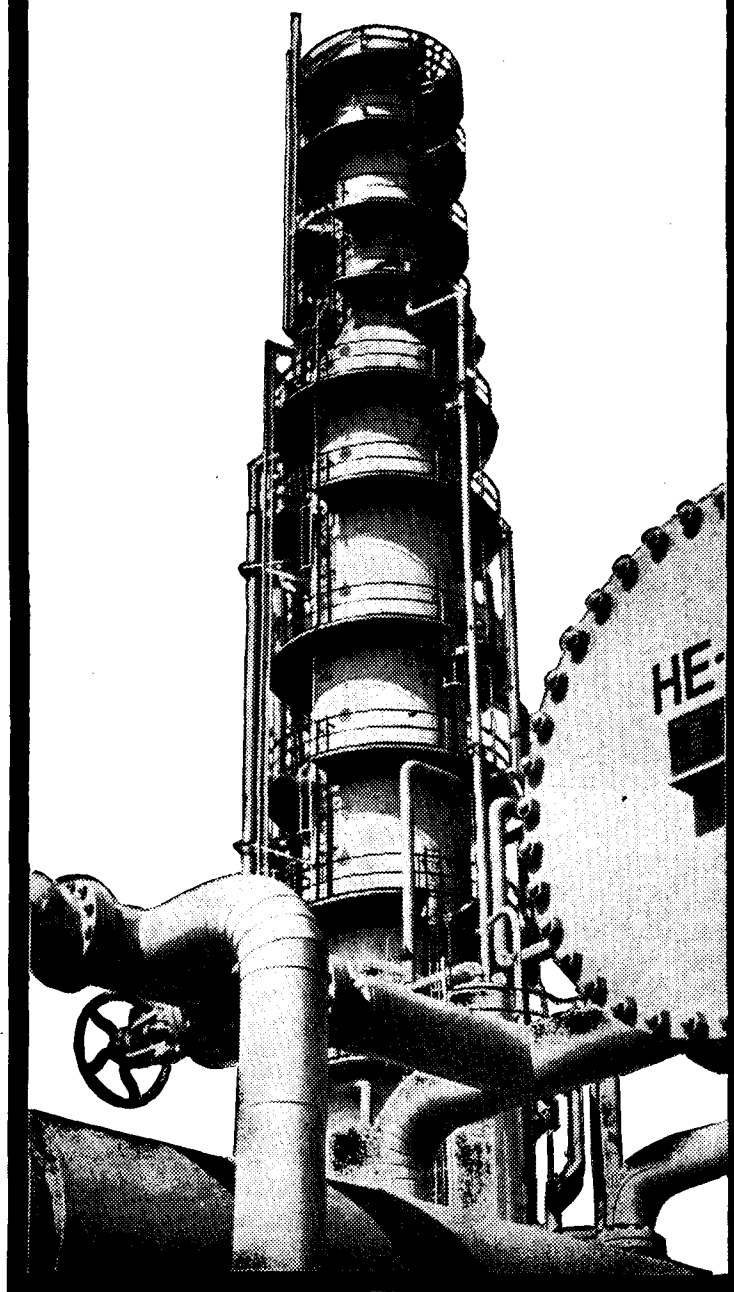


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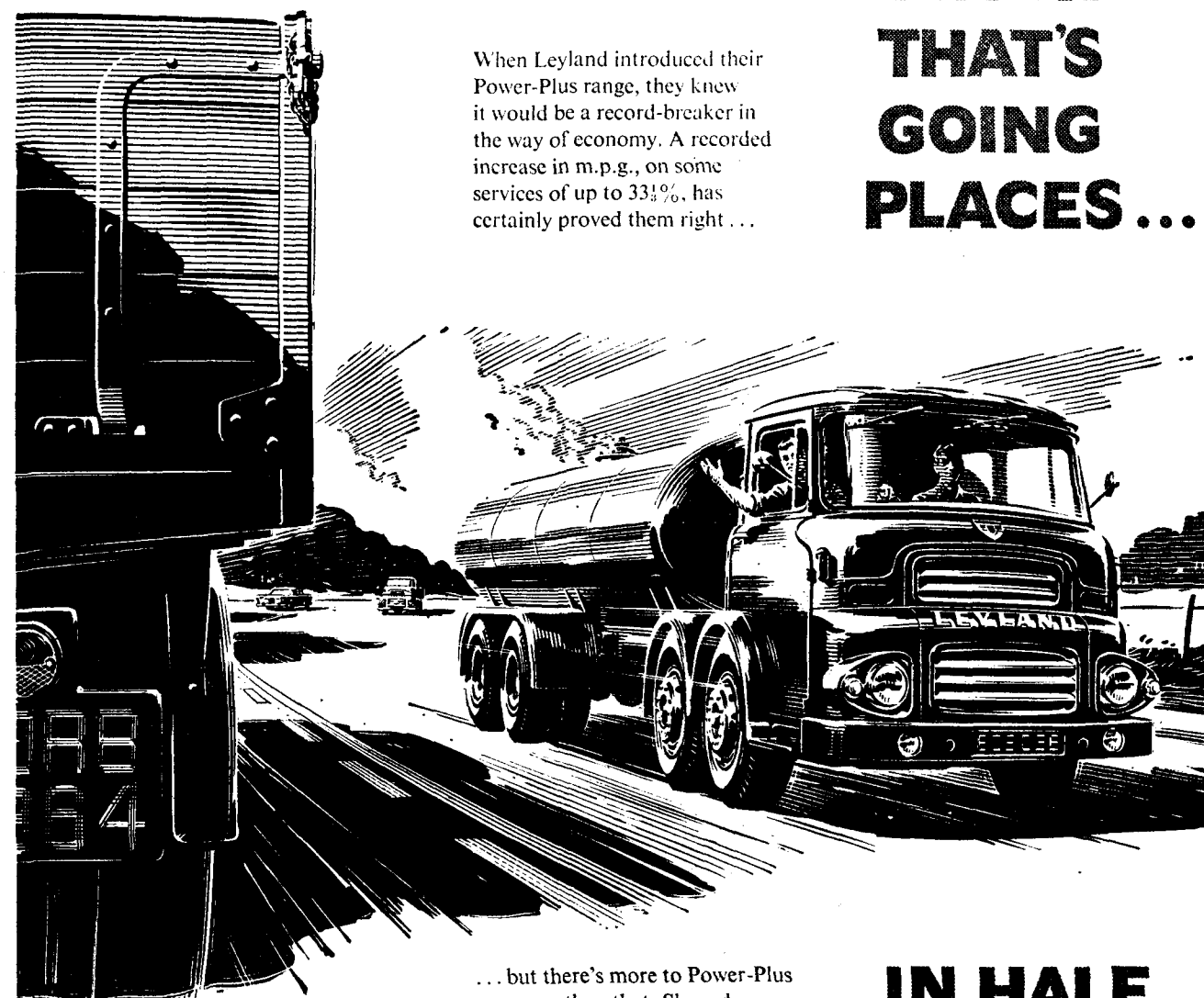
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VOLUME CCI—NUMBER 6168



Kennedy the Cautious

LAST TUESDAY, collectors of coincidences will note, was the first anniversary of the election that brought President Kennedy to power in the United States, and the forty-fourth of the revolution that brought the communists to power in Russia. Neither event has worked out in quite the way people expected at the time; in President Kennedy's case, the past year has not borne out either the main hope, or the main fear, his election aroused.

The chief misgiving felt about Mr Kennedy last November was that he might make mistakes of judgment, particularly in foreign policy, through exuberant self-confidence. In fact, so far he has been if anything too diffident; his one undoubted error of judgment, the decision to permit the invasion of Cuba, seems to have been committed because he lacked the self-confidence needed to overrule the experienced men who favoured military action. The chief hope he raised, on the other hand, was that he would be the kind of President he talked about in his campaign, a leader who would mould public opinion rather than conform to it, and if necessary defy it in order to do what he believed right. This expectation, too, remains largely unfulfilled. So far Mr Kennedy seems to have looked upon his popularity as an object of value to be hoarded, instead of as capital to be invested. The result is a distinct danger that American public opinion, not having been pushed in the right direction by him, may now push him in the wrong direction.

If the President has been unexpectedly cautious, it is partly because he came into office with his foot extended for a bold step forward—only to find it poised over thin air. His first weeks in the White House were marked by two major decisions: to accept a neutral government in Laos, and to negotiate seriously for a treaty banning nuclear tests. Both decisions marked an abrupt and courageous change from the policies of Mr Eisenhower. Unfortunately, Mr Khrushchev turned out to have lost interest in both of them by the time they were taken. Laos remains divided, and a source of infection to the whole of Indochina; nuclear tests remain spectacularly unbanned.

These rebuffs have apparently qualified Mr Kennedy's whole approach to the relationship between the communist and non-communist world. Like Mr Eisenhower, he seems at one time to have flirted with the idea that a process of intelligent negotiation might usher in a new period of tolerance, perhaps even of goodwill, between East and West. The President still believes in the value of negotiating, but he now regards it simply as a means of avoiding the worst dangers of what he clearly expects to be a long and intolerant tussle between America and Russia; and he seems reluctant to press even this cautious proposition on those people in the West who do not share it.

But Mr Kennedy's current wariness cannot be explained entirely in terms of disappointments received at the hands of Mr Khrushchev. No assessment of his conduct of foreign policy is complete that does not take into account the marked change in the climate of American opinion in the past year. It may be misleading for foreign observers to pay too much attention to the pronouncements of men like Mr Dealey, the Texan publisher who recently told the President over the White House lunch table that he was a "soft sister," and General Walker, the officer who prefaced his declaration of war on the Administration last week by announcing that he was resigning the commission which he had held "by God's grace." These voices of the militant Right, it will be pointed

out, are heard at regular intervals in America; in a country which longs to find a final solution for every problem, the frustrations of a divided world inevitably produce a crop of angry men bent on kicking impediments, such as communism, out of the way.

ALL this is true (and Mr Khrushchev has his own counterparts of Mr Dealey to deal with). Yet it is hard to resist the conclusion that in America these voices have become louder, and better concerted, in the past year; that they have agreed upon the rudiments of the course of action they want the United States to follow; and, worst of all, that they have begun to have an effect on public opinion—which, in its turn, may have an effect on Mr Kennedy.

This lurch towards militancy was partly responsible for the pressure that thrust the President into the Cuban adventure. It has also led him to abandon, at least for the time being, the ideas he seemed to entertain last year of a new approach to the problem of communist China; the result being that the West's policy towards China, like its policy towards central Europe in Mr Dulles's day, still consists of clinging to the *status quo* without thought for what will happen when the loss of western nuclear superiority makes the *status quo* untenable. But undoubtedly the main danger presented by the growing vigour of the radical Right is that it may prevent a peaceable settlement of the dispute about Berlin and central Europe. The militants have now made their views on this subject bleakly plain. They oppose negotiations with Russia, not merely because they are unwilling to offer any accommodation whatsoever but also because they decline in principle to talk to the forces of evil. They would fight not only for the protection of west Berlin, on which the West stands unanimous, but also to prevent any further acknowledgment at all of the authority of the east German government. They look forward to a prolonged struggle designed to achieve "victory over communism," for which they propose to prepare by substantial rearmament, starting with a resumption of nuclear tests in the atmosphere and an extension of the civil defence programme.

Mr Kennedy's own views on the subject are almost certainly quite different. He may have modified his earlier ideas about the extent to which negotiation is likely to resolve the hostility between East and West, but the evidence suggests that he still regards negotiation as a necessary means of preventing the hostility spilling over into war. Clearly, the preservation of peace strikes him as a more practical objective than total victory over the communists; and, although determined to maintain the military strength of the United States

(if necessary, it seems, even by starting atomic tests in the air again), he sees military strength as the underpinning of diplomacy, not a substitute for it.

Unfortunately, Mr Kennedy has not yet fully committed the authority of the Presidency to a declaration of these beliefs. Some members of his Administration, such as Mr Harlan Cleveland on October 20th and Mr Chester Bowles on November 5th, have attacked the notion that "toughness in foreign policy is measured by a belligerence that needs neither brains nor skills," as Mr Cleveland put it. But the President himself, except for an occasional reference, as in his speech at the University of North Carolina last month, has so far not reinforced these voices of reason through all the methods of amplification—press conferences, public speeches, television appearances—available to him. One's impression is that he is still weighing the balance of opinion among his advisers, and in the country; he has not yet got down into the scales himself.

There are probably several explanations for the immoderate self-restraint that has delayed Mr Kennedy's plunge into the debate. One reason, as our Washington correspondent suggests on page 549, lies in the way the President organised the White House when he took office. His determination to surround himself with as many different points of view as possible, and his reluctance to delegate the task of sorting them out, have very likely made decisions slower to come to—even though, when reached, they are better informed than Mr Eisenhower's were. Undoubtedly, a second reason is Mr Kennedy's preoccupation with next year's elections to Congress; he is naturally chary of doing anything that might cost his party the support of voters who confuse peace-preserving with appeasement. On both these counts there is a straightforward reply. Sooner or later, a President must turn his ear neither to the conflicting voices of his advisers, nor to the gurglings of the floating vote, but to his own judgment.

PERHAPS the real reason for this strange cautiousness lies deeper. Mr Kennedy is called a politician-President, as Mr Roosevelt was (and Mr Eisenhower was not). But there are two different ways in which the skills of the politician can be used to serve the purposes of the Presidency. One way, the Rooseveltian one, is predominantly concerned to use the art of political persuasion to rally the country behind policies which the President deems necessary. The other is predominantly concerned to use the art of political analysis to find out what policies the President can safely advocate. Mr Kennedy has not yet made it clear where he puts the emphasis. He may be carefully waiting until he has built up a sufficient fund of prestige before he employs it in the way Mr Roosevelt did. But events in central Europe may not allow very much more waiting.

If peace is to be saved, America and Russia must both stay under the leadership of moderate men who can control the instincts of their anti-communist and anti-capitalist extremists. The recently ended congress of the Soviet Communist party suggested that in Russia the moderates have stayed in command, though still with difficulty and at the cost of concessions. The mirror-image of the same struggle is now beginning in the West. Mr Kennedy may have to deploy the full strength of his convictions if it is to end the right way.

Home Truths | A discussion of present housing policy

ALMOST every housing debate nowadays demands to be translated from politicians' catchphrases into economists' English. Last Monday's affair in the Commons was no exception. There were two quite separate questions that ought to have been at issue. The first, which should have special relevance at a time when Britain is thinking of indulging more in economic planning, is: how many new houses a year should Britain try to be building? There are indications that Britain is now at a stage of its evolving new living standards when it would be sensible for the rate of housebuilding to be stepped up. The other question is: what should be done, as a social service, to provide decent housing for people who cannot afford to pay the market price for it? By this one does not mean the arbitrarily selected group of people who happen to be enjoying council housing subsidies or rent-controlled dwellings at the moment. One means people who are actually and genuinely in need and yet are sometimes outside these sheltered sectors: especially—to cite one group particularly in the news just now—low income families with large numbers of children in big towns like London.

First, then, about the total rate of housebuilding that would seem to be sensible. The rate of completion of new houses in Britain is now just over 290,000 a year, which appears to be about half the rate (both absolutely and as a proportion of national income) recently current in west Germany. Dr Hill found some comfort in the fact that Britain's present building rate would suffice to provide the 6 million new houses that he deemed might be needed in the next twenty years, although it would not suffice for the "8 million houses in twenty years" which was the figure some Labour speakers were bandying about. Much of the arithmetic underlying these estimates that are cast as far forward as twenty years is irritating and absurd, because nobody can really know what the marriage rate (which is very volatile) will be in the 1980s. But the main reason for suspecting that, in the next ten years, a continuing rate of around 300,000 new houses a year would be too low is that the Minister of Housing has almost certainly underestimated what he himself called "the quite incalculable factor of the extent to which greater prosperity is leading, and will lead, people to expect higher standards of housing and amenities"; however incalculable this factor, it seems reasonable to calculate nowadays that a house becomes obsolescent for modern needs before it is a hundred years old, which is the age of obsolescence that Dr Hill assumed in his figures. And, for those who find all statistics tiresome, the logic of stepping up the rate of housebuilding and house-replacement in future is surely suggested by comparing the improvement in the consumer durables that people have recently put into their houses with the much slower rate of improvements in the houses themselves—or else just by looking at Wigan, or parts of London, Liverpool, Birmingham and even Edinburgh.

The next question is therefore: why has the supply of modern houses not increased to meet demand in a free market—as, for example, the supply of luxuries such as television sets has done? The big answer to this is that there has not been a free market in housing; private building of new houses for rent has been rendered unprofitable by years of rent con-

trol, and local authorities' building has been rendered unprofitable by their habit of not charging a rent anywhere near to the level that would pay for the new houses built. (This last factor is implicitly admitted when local authorities say that "they cannot afford to build the increasing numbers of houses they need unless Exchequer help is increased.") But there are admittedly three other subsidiary damping factors, which tend to keep the rate of housebuilding below the rate that consumers would demand in a free market. They are: (a) the shortage of land for building in the areas where demand is greatest; (b) planning restrictions; and (c) the effect of high interest rates.

Part of the solution for (a) must lie in measures to steer the increase in jobs, and thus in demand for new housing, away from overcrowded wens like London to other parts of the country; some new suggestions for ways of doing this are discussed on page 548. The reverse of a solution would be any scheme that provided a disincentive to the supply of new land for building in scarcity areas; Labour's scheme to "deal with land speculators"—which would dispossess an owner of his freehold precisely as soon as he did offer land for new building—would do exactly this, and a welcome feature of Monday's debate was that Labour speakers were already plainly preparing to retreat from it. Dr Hill's remedy was to encourage the bringing forward of "enough land in the right places within the existing urban areas as well as beyond the green belt." But, although he recognised that "by protecting agricultural land by the green belt policy, we ourselves are helping in the process of putting up the price of land which is allowed for development," he wanted "to make it perfectly clear that we intend to adhere to the green belt policy." Some of the fetishes—as distinct from the real social advantages—of that green belt policy ought to be looked at anew. So should some other planning restrictions—including the way that local authority bye-laws inhibit a growth in building productivity by making the construction of some sorts of non-traditional houses virtually impossible, and the way in which local residents can often block the building of three or four new houses on sites where only one house has stood before, because they say it would spoil their view.

NEXT, interest rates. Those who, like *The Economist*, believe that high interest rates are an essential concomitant of running sterling as an international currency have a particular responsibility to consider whether there should be special easements for things like export finance (discussed in an article last week) and housing. One obvious remedy would be to introduce an investment allowance for new housebuilding; there are various other tax inducements that could easily be worked out, in order to see that the burden of running an international currency does not have an entirely illogical effect in cutting the proportion of national income that Britain would otherwise devote to new housing. In the local authority sector, there would then be a good case for restoring a subsidy to new building of council houses for general purposes—but to make up for this by cutting the subsidy still "contractually" paid

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out on houses built a long time ago at much lower building costs than now. The general level of local authority rents should then be raised to the proper market level: an authority should recognise that it is subsidising a tenant whenever his rent does not cover the cost of a newly built house minus a depreciation factor (to make up for the fact that old houses are not as nice as brand new ones) minus this general subsidy. Rebates should be given only to tenants who could not afford to pay these full rents.

This leads on to the second main question discussed in Monday's debate: the social problem of certain large and hardly-hit families who cannot afford a free market rent under present conditions. These are precisely the people for whom council houses were originally intended, and the real long-term answer to the London County Council's present problem of its 628 homeless families was provided on Monday by Dr Hill:

If [local authority] rent policies were framed so as to require those who can afford to pay an economic rent to do so and so encourage them to find their own accommodation, a great many houses would be released for occupation by those who really need assistance.

But there is clearly also a short-term, human problem for London here. So long as London is overcrowded, and landlords can be choosers, decent young families with large numbers of children, who lose their home for any reason, are liable to take a considerable time over finding a new one. It should be said straightaway that after a time most of them do find one; although something like 45 London families now become homeless every week, the total now on the LCC's lists (628) is only 348 higher than four years ago, which indicates that the turnover out of the welfare committee's homes is usually very quick. It should also be emphasised that the effect of the Rent Act in causing the recent growth in evictions has been grossly exaggerated; about five out of every eight of those who have recently become homeless have come from furnished accommodation, which was not affected by the 1957 Act; others had been sub-tenants, who were not affected by

Bonn's Seven Weeks War

What lessons will the Germans draw from the struggle to form the fourth Adenauer government?

MERELY to have been re-elected chancellor by the narrow, but sufficient, margin of eight votes is not enough in itself to dismay or weaken Dr Adenauer. When he was first elected, in 1949, his margin was only one vote (his own, as a wag pointed out), but all the same, once elected, he was firmly in the saddle. Tuesday's ballot for the chancellorship was one of the rare secret ballots which the Bundestag's rules of procedure allow; the members of the two coalition parties, Christian Democrats and Free Democrats, who abstained or dissented then are unlikely to be so ready to go against their parties in an open vote on any major question. To the extent that the monstrous new procedure of coalition management allows him to use it, Dr Adenauer commands a working majority in the Bundestag.

What is more, the west German Basic Law makes a

that Act either; anyway, the vast majority of even unfurnished tenancies of working class houses still remain subject to control and restraints against eviction. But, once again, those who believe that remaining rent controls should be abolished have a special responsibility to propose remedies for this numerically small, but sometimes humanly disastrous, problem.

While the long-term solution must be to make more room for lower-income families on council estates by pricing some better-off tenants out of council houses, the short-term need is to provide more temporary accommodation for people while they are seeking a new home. The LCC is empowered to buy empty properties for this purpose, and it ought to hasten to do so—and to maintain more temporary accommodation of this sort as a permanent feature of its social policy. In order to dissuade people from using these temporary resting places as permanent homes, it should charge pretty tough rents for reasonable temporary accommodation; indeed if people who could afford to find outside homes did start to make long stays in the new temporary accommodation, they should be charged rents, increasing with their length of stay, above the outside market level (while those who plainly cannot afford to pay full market rents are precisely the people who should be given priority for council housing vacancies).

To those who say that this would be cruel, the answer is that it would be much less cruel than the system which now keeps the turnover of these temporary homes so high: namely, the sheer nastiness of some of their marginal accommodation and the fact that families have to be split up when entering most of it. This, indeed, is another example of the way in which politicians, not economic forces, have created the bitterest anomalies of Britain's housing problem. Politicians start by saying that it is inhuman to allow a scarce social service to be ruled by market economics; and they end by building fewer houses, by running a "controlled" market in which there is always an insufficient revolving stock of empty houses standing ready and by causing more inhuman treatment of hard cases, than a policy of genuine economic freedom would have done.

chancellor's removal extremely difficult. The motion that asks the Federal President to dismiss him must simultaneously name his successor, an elaborate operation to arrange, and one which the chancellor, unless actually incapacitated, has means of frustrating. Dr Adenauer is not likely to be troubled much by the thought of a combination to remove him without his consent. There is, it is true, an understanding that he will not serve the whole of the new parliamentary term. The next elections are not till 1965; an exchange of letters between the coalition partners has named 1963 as a likely year for the hand-over. Dr Adenauer may choose to respect this understanding; but the effective choice probably remains his.

In short, the government at Bonn is still an Adenauer government, and the power of decision remains where it was. Neither policies nor methods are likely, in the short run, to change perceptibly, and it may even be doubted whether the elaborate arrangements for control, laid down in writing in the coalition agreement, will effectively prevent Dr Adenauer

from doing whatever he chooses to do, or make him do anything important that he would not have chosen.

POLITICS in west Germany have undergone a change, for all that; the west Germans themselves seem not to doubt that things will never be the same again. The government crisis that ended on Tuesday night has been the longest Bonn has known, the most heated and the most alarming; and the manner in which it was conducted has spread disgust and disquiet among those Germans (not, as yet, very many) who think seriously about politics. West German newspapers have been describing the political spectacle in language of un-German pithiness: "Ambition, opportunism, unscrupulousness," said the Hamburg weekly *Die Zeit*.

Normally loyal and orthodox, the *Frankfurter Allgemeine Zeitung* searched its vocabulary to no less purpose: "Insolence and blindness, cunning and dogmatism" were the words it found for the charmed circle of Bonn politicians on whom government rests. Faithful anti-socialists have admitted that only the opposition, the Social Democrats, have come through the crisis with credit. *Die Welt*, the Hamburg daily, has explained the moral collapse of west German political life as the reverse side of west German economic achievements: since 1945 the men of quality have gone in for business, heart and soul, leaving public life alone. This is now being paid for.

And, indeed, it is. The strictures are just. They have extended to political fundamentals: it is being asked whether the German Federal Republic has any greater inner cohesion, or any more effective will to live, than the Weimar Reich had

America Discovers Europe

Like Britain before it the United States is being forced by the European common market to re-examine its future

SLOWLY, American opinion is awakening to the fact that if Britain joins the European common market, together with other new members and associates, the result will be a very large economic union indeed, implying possibly a shift in the structure of world power. For a decade America has supported European integration without stint, for the sake of the political gains it would bring. Now that the goal is being approached, Americans are realising that their country cannot remain a mere benevolent spectator. Some—protectionists and isolationists, becoming increasingly vocal on the American right—are already reacting with cries for more protection in self-defence. But other signs suggest a more positive response. Outstanding among these was the bipartisan report to a joint Congressional committee by Mr William L. Clayton and Mr Christian Herter, published in Washington on November 2nd. (Mr Herter was Mr Eisenhower's Secretary of State; Mr Clayton, a Democrat, was one of the architects of Marshall aid.) Their report urges that the United States should take "a giant step" by forming a closer trading partnership with Europe.

In the life of the Atlantic community this report could possibly be a turning-point comparable in importance to General Marshall's Harvard speech in 1947. It is merely a

in the days when another octogenarian, Hindenburg, was the national father-figure. Admittedly there is now no direct threat, Communist or Nazi, to the republic from within; and Bonn has been, to put it mildly, spared the economic storm that wore down the Weimar state. On the other hand, the Germans feel that the Soviet pressure on Berlin means a more bitter external strain than the Weimar Republic knew; and they doubt, more explicitly than ever before, whether their institutions are in shape to stand such a strain.

What has been revealed is that the Bonn institutions have as yet acquired little content, beyond that provided by the authority of Dr Adenauer himself. If this had not been so, neither the erosion of public confidence in Dr Adenauer (inevitable, after all, as the years passed) nor his party's modest electoral losses on September 17th would have been a disaster. The institutions have not proved unworkable at all; to work them, they need men who must be willing to take over from Dr Adenauer and govern, supported by a public ready to spare some attention from its private concerns. If these conditions had existed, there would have been no need for the seven weeks war to produce a fourth Adenauer government restricted (ineffectually, it must be hoped) in its power to govern.

Just possibly, the west Germans may now be allowed time for the lessons of their autumn crisis to ferment, and may use the time to prepare themselves to make their institutions work. The limit is set for them by the approaching renewal of the East-West crisis about Germany. In that field it is too much to hope for any early German policy contribution. For that, the flight from reality has gone too far; the task of reversing it will fall to the men who come after Dr Adenauer.

report to a committee of Congress, but there is little doubt that it reflects Administration thinking. On the day the report came out a lance was broken for freer trade by Mr George Ball, the former collaborator of M. Monnet, now at the State Department. Indeed the only uncertainty in Washington seems to be not if, but when, the President will throw his weight into the scale. The Washington debate is examined on page 553.

In domestic American terms, the immediate objective is to get radical new powers for the President to negotiate on tariffs when the present Reciprocal Trade Agreement Act expires in June. It is, after all, the common market's outer tariff that will bite first on American interests, as it has bitten on Britain's. It is this that is giving the protectionists an excuse to demand higher tariffs, and a paring of the President's powers, when the act runs out. The liberals, by contrast, see attack as the best defence. In the General Agreement on Tariffs and Trade, as the Herter-Clayton report points out, bargaining with the common market has already got stuck because of the meagre size of the President's powers to bargain about individual tariff items. The time has come, it argues, to give the President—"as a minimum requirement"—new powers to make sweeping cuts across the board in the

American tariff in bargaining with Europe, to enable "the example of the common market" to be followed on a wider scale.

The specific tariff point is backed by a good deal of argument reflecting the dawning awareness in America that much more than trade is involved in the challenge from Europe. Phrases like "a trade partnership with the common market" and a "free world economic community" are indeed vague, too vague, but they do imply an interest in integration as well as in free trade.

Already, immediate American interests have prompted the administration to be active in the new Organisation for Economic Co-operation and Development, which formally took over from the Organisation for European Economic Co-operation on October 1st, with America and Canada as full members. In agriculture, for instance, it has used OECD as a forum for pressing the Europeans to be liberal in their policies and to consult closely with America. Neither of these processes can go far unless the United States reciprocates. The Administration attaches even more importance to the co-ordination of economic policies in OECD, and it has been sending top men—like Mr Heller, chairman of the President's Council of Economic Advisors—to the economic policy committee of OECD.

One pragmatic reason for this deep interest is, of course, the new weakness of the dollar. The more far-sighted boffins in Washington even see the European Monetary Agreement—the OECD's monetary arm—as the place for a pooling of western reserves, if present efforts in the International Monetary Fund turn out to be inadequate. But the interest also springs from the hot debate inside America about economic growth. All western countries have begun to realise that not only welfare but also power, in terms of defence, aid and social peace, depend on a high rate of growth. In OECD, Mr Heller explained on a recent visit to Paris, the United States hoped both to develop a co-ordinated growth policy for the Atlantic countries and to learn from western Europe's recent experience of high rates of growth. One leading Congressman has said that OECD could be the West's economic high command.

THERE have been few signs that the Europeans have yet taken in the implications of the possibly portentous change in America or begun to respond to it. Britain, as well as the Six, is now preoccupied with European affairs, and has so far shown little zeal for the work of OECD. On the Continent, too, there are the inevitable apprehensions that a vast extension of the common market—a "mondialisation" to use the latest jargon—will lead to precisely that watering down of the European communities, the fear of which long haunted the community's creators in their relations with Britain. Such misgivings may well be nourished by suggestions like Mr Harold Wilson's last weekend—that Britain should hold up its own common market negotiations after all until it had sounded the United States to see if it will join. They will not have been allayed by some of the comment in Washington on the new report. "Trade partnership," it is explained, is distinguished from membership of the common market by the avoidance of political implications. This kind of talk has been heard before nearer home.

American opinion is, indeed, now teetering on the brink in

the same uncertain way as Britain did in the days of the free trade area. And it may have to be treated to some of the same bitter-sweet medicine that the Europeans inflicted on Britain. On the one hand Europe has to press ahead with its own integration, to which the present evolution in America is, after all, a response. But the liberals in America are embarking on a struggle as fateful and as difficult as Britain's decision last July; if Europe can help them, it should. A united Europe makes little sense if it is not a part of a uniting West.

WHAT kinds of arrangement should be devised to give the new stirring in America practical effect? If President Kennedy gets his new powers—and a long, hard battle has still to be fought—a series of big tariff cuts between western Europe and America, together with a growing co-ordination of policies, is on the cards. Ultimately these ingredients might have to be made more formal and durable in some kind of Atlantic Economic Community. Certainly the constitution of OECD, created as it was amid the cross-currents and confusions of its predecessor's demise, is still a blank to be filled in.

The wider the circle of integration of the rich Atlantic countries, the more essential it becomes that they shall not unite at the expense of poorer regions. It is a refreshing feature of the new thinking in Washington that it recognises this and indeed puts at the centre of a possible new Atlantic partnership a joint trade and aid effort to help the undeveloped, uncommitted countries. The most radical and precise suggestions in the Herter-Clayton report are for abolition of raw material tariffs by developed countries and a series of 10 per cent cuts in their other tariffs in return for 5 per cent cuts by the undeveloped ones. Such ideas may be needed, not in the distant future, but in the next twelve months, as Britain's negotiations with the common market bring the question of trading policies with the undeveloped countries to a head.

Aid is a no less urgent matter. Here again western Europe has been slow to respond to American appeals and slow to realise that its new prosperity and its potential new power give it new responsibilities. It has been widely missed on this side of the Atlantic that President Kennedy has been trying, in the past six months, to introduce a revolution, not so much in the quantity of western aid as in the philosophy behind it. His aid message in March was a stimulating appeal for a new kind of joint aid effort by western countries. With Europe recovered, and the burden of the East-West conflict shifting to the economic field, it was time, he suggested, to move the main effort away from the propping up of the protégés of military policy towards sustained assistance to the countries capable of self-sustaining growth. Aid was to have a social purpose and encourage the receivers to help themselves.

While the cold war goes on, the fine new principles are not proving easy to put into practice; their future success may be much influenced by the amount of European support they get. In a new Atlantic partnership the Europeans thus have a double opportunity—a chance to bring America into the system pioneered by the common market, and a chance to repay America's wise generosity to Europe in the last decade by doing as much, in the decade now opening, for the newly independent nations.

NOTES OF THE WEEK

BY-ELECTIONS

Swing to Liberal

THE usual mid-term swing from Tory to Liberal is on, but so far any real swing to Labour is not. In this week's three by-elections the proportions of people who had voted Conservative in 1959 but who did not turn out to support their party this time ranged from 40 out of every hundred (at both Oswestry and East Fife) to 57 per cent (Manchester Moss Side). Over all, it looks as if under half of these Tory "deserters" switched to the Liberals and rather over half simply represented the usual crop of by-election apathetics who failed to vote at all. Labour's proportion of deserters ranged from 19 per cent (Oswestry) through 22 per cent (East Fife) to 55 per cent (Moss Side). Despite the bigger anti-Tory swing (shown and explained in the table below), these by-elections should probably be regarded as even more worrying for Mr Gaitskell than for Mr Macmillan. The Conservatives did after all hold all three seats as expected, while Labour dropped to third place behind the Liberals in two of them, and only avoided a trio of third places by a margin of less than a hundred votes at East Fife. More important, what is probably the penultimate session of this Parliament is now under way, but there is no sign of the ground swell that could bring Labour back to power at the next general election.

CHANGES IN PER CENT SHARE OF POLL

	Conservative	Labour	Liberal	Hesketh-Dayton
Manchester, Moss Side...	-21.2	-11.9	+27.9*	+5.2*
Oswestry....	-15.1	Nil	+12.3	+2.8*
East Fife.....	-22.4	-3.7	+26.1*	—

* No candidate in 1959, so these figures represent total share of poll.

Note:—Figures shown represent changes in share of total poll and therefore, in these reduced poll by-elections in safe Conservative seats, probably tend to exaggerate the relative revulsion from the Conservatives. For example, at Moss Side, just over 55 per cent both of last time's Labour and Conservative voters did not bother to support their party now, but the total "swing" away from Conservative voters is shown as much larger because there were many more of them.

What does seem to be in prospect now is that there might well soon be some Tooting-style by-elections in which some ostensibly safe Tory seats could fall to the Liberals. The Liberals secured between 26 and 28½ per cent of the vote at each of this week's three by-elections; the scale of their present advance since the general election was best shown at Oswestry where their share rose from 16.1 per cent in 1959 to 28.4 per cent now. The anti-common market candidate Mr Dayton secured only a derisory 839 votes (or 2.8 per cent of the poll) at Oswestry; the Mosleyite Mr Hesketh secured 1,212 votes (or 5.2 per cent) at Manchester Moss Side. This Moss Side result was perhaps the most interesting—al-

though also the most apathetic—of the three. The constituency had once been advertised as seething with indignation about its inflow of coloured immigrants, but less than half of the electorate turned out to vote. The swing away from Labour was larger here than elsewhere (some of the Mosleyites' tiny proportion of voters no doubt came from working class people in the immigrants' wards), but the swing to the Liberals was also the biggest and most surprising of all. Very largely this was due to the apathy of both Conservative and Labour voters, but it seems clear that some Liberal voters must have been former Tory supporters who could not stomach their new right-wing candidate's anti-coloured-immigrant (and pro-flogging) views.

NUCLEAR TESTS

Stay for an Answer

WHAT is necessity? says President Kennedy; or should say, preferably without jesting. The President repeated on Wednesday that the United States would start testing nuclear weapons in the atmosphere again if an analysis of the recent Russian tests showed it to be "militarily necessary." Preparations have begun, and many people in Washington think that this further contribution to the contamination of the air is settled.

But before Mr Kennedy gives the order to go ahead, he should make quite sure what the advocates of atmospheric tests mean by "military necessity." If there is solid evidence that the Russians are making progress with weapons that might tilt the whole balance of power (such as an anti-missile missile, though there are other possibilities), and if these weapons must be tried out in the air, then it is right, though repugnant, for the Americans to do what is needed to keep abreast. The same is true if there is serious doubt whether the hitherto untested warheads of the Polaris and Minuteman missiles will work; but one is entitled to comment that, if Mr Kennedy was willing to trust these warheads before the Russian tests began, there is no reason why his trust should be less valid now.

Grim necessity, however, is no relation of marginal desirability. It may be cheaper and more convenient to test small warheads for tactical weapons in the air rather than underground; it may be desirable, from the point of view of air force generals, to make minor improvements in the existing war-

heads. In both cases the military advantages seem to be outweighed by the disadvantages of adding to the volume of fall-out, and giving yet another twist to the spiral of the arms race. Mr Khrushchev said on November 3rd that the Soviet Union might extend the series of tests it held in October if the United States resumed explosions in the atmosphere. The reason he gave was the same as Mr Kennedy gave on Wednesday, and the same as Mr Macmillan gave to the House of Commons on October 31st to justify a possible British resumption of tests: the need to protect his country's security. The nuclear powers' lunatic search for security through measures that increase everybody's insecurity can be arrested only if one of them has the intellectual honesty to distinguish between what is truly necessary, and what is not, and the courage to act on the distinction.

GHANA

Brave Duncan

DISPLAYING admirable courage, and a nice sense of the dramatic, the British Government risked its Commonwealth Relations Secretary on Tuesday to prove that it was not risking its Queen. Last Saturday two explosions occurred on the route the Queen was due to follow during her visit to Ghana, beginning on Thursday. One of the explosions broke the ankles of a statue of President Nkrumah; a second very slightly damaged the Independence Arch in Accra. The next day Mr Duncan Sandys flew to Accra to find out how dangerous Dr Nkrumah's nearly-authoritarian state had become.

Reasonably dangerous, the answer seemed to be, for on Monday there were two new explosions. If British public opinion was to allow the Queen to carry on with the tour planned for her, a demonstration had to be made. On Tuesday it was: Dr Nkrumah and Mr Sandys travelled together along the entire length of the route proposed for the Queen. It was an impressive demonstration, so much so that after a visit to the old imperial palace, Christiansborg Castle, Britain's dashing Duncan could return to his Prime Minister and—perhaps—report:

*This castle hath a pleasant seat; the air
Nimbly and sweetly recommends itself
Unto our gentle senses.*

In Parliament on Wednesday Mr Macmillan was able to declare, in effect, that he did not believe the Queen would suffer the fate of the Duncan who entered Macbeth's castle. There is no way of telling who set off the explosions; the saboteurs could have been extreme left-wing or extreme right-wing Ghanaians, or simply Ghanaians perturbed

at the undemocratic way in which the president has been running things. But, on Wednesday, there seemed to be no evidence that they would attack him openly or endanger the Queen.

Only a genuine fear for the Queen's safety could have justified calling off her trip. The consequences of cancelling it would probably have been Ghana's exit from the Commonwealth (and entry into the communist camp). The fall-out from such an explosion might have poisoned all of West Africa, to Britain's disadvantage. So courageously setting aside its distaste for authoritarianism, the British Government advised the Queen to spend her eleven planned days in Ghana, courageously by the side of the king of the castle.

KENYA

Traveller's Return



BACK in London after 16 years, Mr Jomo Kenyatta has had some trying moments. Two eggs were thrown, a thing that could not have happened in 1945. A woman poked at him with an umbrella. Britain's lunatic fringe cannot, it seems, be denied these futile exhibitions of temper. More disturbing, Kenya's politicians—of all colours and parties—seem themselves not to have moved very far out of the umbrella-poking, egg-throwing stage.

This is a criticism especially of the Kenya African National Union, of which Mr Kenyatta is now leader. After the elections in February, the African nationalists—and Kanu—could, constitutionally, have had the government in their hands. This was the time to stop fighting the British, and to start working with them. Mr Nyerere, of Tanganyika, knows when to fight and when to co-operate; his country will be independent on December 9th.

But Kanu chose then—and is choosing now—to keep out of government so long as it could not have precisely the government it wanted. Good reasons for Kanu's behaviour have not been lacking. In February there was the need to get Mr Kenyatta out of restriction (and keep an election promise); since then there has been the

NOTES OF THE WEEK

struggle against the equally intransigent Kadu, the minority party that came into power because Kanu would not. But Kanu is not yet in government: in a long statement this week it tried to show how patient it had been with the other side, and how (in its view) the British Government was gratefully bolstering Kadu in power.

But even if this is so, it is still up to Kanu—the strongest force in Kenya and undoubtedly its future government—to exercise self-control. In its own interests Kanu should realise that Kenya is being held up because the British Government—and the settlers—are frightened. When Mr Kenyatta has demonstrated his ability to put Kanu's own house in order; when the party itself begins to play politics in a more reassuring way; independence will probably come so rapidly that it might take everyone by surprise.

PARLIAMENT

House in Travail

SIX weary days of debate on the address, a grand inquisition into every aspect of Government policy from Berlin to what Mr Selwyn Lloyd really said to a certain Councillor Smith at Leicester, staggered to its fore-ordained close on Tuesday night with a Government majority of 108. No minister added to his reputation. Mr Macmillan returned to the House looking like a cadaver and indeed speaking like one. For some months past the Prime Minister's enemies have been gleefully drawing comparisons between him and Mr Ramsay MacDonald: after two tired performances in one week, some of his friends have begun to draw much more sinister parallels between him and the Earl of Avon. Among his principal lieutenants, Mr Butler sat bereft and glum. Mr Macleod could have summed up the debate on the address with either a rabble-rousing party speech or else an elegiac and statesmanlike one, but choosing to try both he succeeded in making neither, and left his audience bewildered. Mr Selwyn Lloyd floundered about in the economic debate like a stranded whale, mercilessly goaded by the Opposition.

Yet Mr Gaitskell, although personally as incisive as ever, can hardly be much happier than Mr Macmillan; and in view of the calm passage his party seems to be giving to the Government's immigration plan, perhaps he does not deserve to be. It must have been a shock to him that, after his year-long effort and Blackpool triumph, 59 Labour MPs last week still voted that Mr Greenwood should be leader of the party; last year with the unilateral controversy at its height and a much more significant rival in Mr Wilson, the left mustered 81 votes. Of the 22 votes it has lost since then, five are MPs who have been expelled from the Parliamentary party; only about five seem to have switched right over to Mr Gaitskell (he got 171 votes against last year's 166); and most of the rest must have abstained.

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Of the 248 Labour MPs entitled to vote, 18 failed to cast their ballots, presumably because of either deliberate neutralism or quite invincible apathy, since personal attendance is not required.

Only Mr Grimond had any real cause for satisfaction this week. At long last and deservedly, he has been made a privy councillor, which is a nice distinction. More important, it will give him a right of precedence in speaking in the House. Formerly he had to rely on the courtesy of the chair in getting the Liberal voice heard on major Commons occasions.

THE ECONOMY

An Unsatisfactory Debate

TUESDAY'S economic debate did not show either front bench at its best. For the Opposition both Mr Gaitskell and Mr Wilson spent an absurd amount of time jeering at the Chancellor's recent impromptu admission that he had at one time underestimated the damage that rising personal incomes would wreak upon the economy—and then showed that Labour itself is plainly underestimating that damage still; Mr Gaitskell also calculated the balance of payments "saving" and Mr Wilson notionally redistributed the tax "saving" that they pretended would arise from the inflationary expedient of putting interest rates down; and Mr Gaitskell sententiously explained that British trade union leaders are "able and patriotic men," and that the Chancellor's duty is therefore to secure their co-operation by being as irrelevantly beastly to capitalists as possible. Yet in one sector of their assault—their complaint that Mr Lloyd is now beginning to hold back production—the Opposition plainly had the best of the argument.

The main impression that the Chancellor gave in his speech is that he is now waiting for Godot, who is unfortunately not turning up. Again and again, he said that he must hold back domestic demand and production until exports rise; but exports at present are not noticeably rising. They ought to start to rise soon, because of the revival of world demand, but Mr Lloyd had better realise now that the least successful part of his July measures, so far, has been the assumption that moderation of "the pull of the home market" was the remedy needed to put exports up. The most successful features of his July measures have been the reversal of the run on sterling (which was almost wholly due to his policy of high interest rates) and the hopes that he aroused of a new wages policy. Unfortunately, it is precisely these features that one fears he might be abandoning first. Mr Lloyd's speech contained no defence of his action in twice reducing Bank rate before making any reduction in the purchase tax regulators; and, under pressure from Mr Gaitskell, he yielded another hostage to fortune by promising that he will look again at the state of the wages pause "early next year."

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WAGES

Electricity Strike?

IT is just possible, although not necessarily likely, that the long-expected national wages showdown could come in the electricity supply industry, where there are to be crucial meetings between the unions (who include the ETU, both the big general workers' unions and the AEU) and the employers next Wednesday and Thursday. The unions' position of strength is that the Electricity Board is obviously very willing to give a wage increase, largely because (in this capital intensive industry) wage increases do not put up its total costs by very much; and the fact that it is the one large nationalised industry earning a current surplus, always makes it a good first front for the unions to drive against.

Electricity's basic wage rates, ranging from £9 9s. to £12 10s. 3d. a week, are actually higher than those in engineering. But its average earnings (£14 9s. 11d. a week last April) are lower, largely because the electricity board—like most nationalised industries—thinks that it would be "provocative" to the unions to introduce district differentials and bonus schemes in areas where labour is short. Job security in electricity is excellent (short-time working is virtually unknown), and there is therefore not in fact—pace some newspaper reports—a serious difficulty in recruiting or keeping workers in electricity supply in most parts of the country. But there is such a difficulty in a few districts, especially those near motor works and steel works. Nevertheless, sticking resolutely to its refusal to introduce district differentials, the board has already made an offer of the usual nationalised industries' sort—one that would be uneconomically small in peak wage districts and uneconomically large in the rest of the country.

For the three quarters of electricity supply workers with more than three years' service, the board has offered increases from next April 1st ranging from 8s. 6d. a week for unskilled workers to 13s. 3d. for skilled workers (short service men would get less). Very sensibly, manual workers with more than three years' service are also to be offered the same status and privileges as office staff (which, among other things, could give them longer holidays). The communist Mr Foulkes, who is chairman of the unions' negotiators and who is aided by a communist-organised unofficial workers' movement in some power stations, has said that this offer is unacceptable. A strike in electricity supply would be (a) a plain breach of contract (the unions and the board have signed an agreement that arbitration should be binding); and (b) actually illegal (legislation dating from 1875 makes anti-contractual strikes in electricity supply a punishable offence). But Mr Foulkes has said that if his men give a week's notice of termination of employment, that would not be a strike; one doubts if the courts would agree.

NOTES OF THE WEEK

Now that the board has made its offer from April 1st next, it cannot presumably go back on it. But it would be inexcusable for it to go further next week, except in offering district differentials and in defining more closely what "office status" means. As usual, an electricity strike would almost certainly prove less apocalyptic than most newspapers are saying; the technical staffs could—and would—go on operating the power stations for a good while, although there would be a long hold-up in making repairs when and if breakdowns occurred.

LATIN AMERICA

Andean Fires...

AS the inter-American "Alliance for Progress" creaks slowly into action, the fires of social discontent simmer and spread. In Ecuador, a backward Andean republic that suffers, intensely, from the endemic Latin American disease of two segregated cultures, the flames have crackled to the surface. Serious riots in Ecuador's three main cities led, on Wednesday, to the president's resignation and to open conflict between the army and the air force about the succession. Sr Velasco Ibarra, a shrewd veteran, has only once been able to last out a full term in office; this is the third time he has been deposed. But this time it is no longer just a question of rivals struggling for the plum job.

The clash over the new president recalls the recent political crisis in Brazil. According to the constitution, the vice-president, Dr Carlos Arosemena, should automatically succeed and his candidature is backed by air force jets and congressional argument. But Dr Arosemena is a shade too far to the left for some factions in the army, who are trying to push through the appointment of a less controversial figure, Sr Gallegos Toledo, the president of the supreme court. Dr Arosemena visited Moscow earlier this year, and came back primed with arguments for closer relations with the communist world and for some sort of social reform at home. Predictably, he was charged with communism.

...and Firemen

THE governments of the other two Andean republics are also running serious political hazards. Peru shares with Ecuador a situation in which a small, largely Spanish élite of landowners, business and military men decide what is best for the appallingly poor Indian workers and peasants. In both countries a budding middle class of teachers, students, trade unionists and others has begun to dispute this state of affairs. A fortnight ago, the Peruvian government suspended constitutional guarantees for a month after a strike of school teachers led to riots in Lima; the prime minister, Dr Beltrán, braved a hail of rock and stones when he visited Cuzco a few weeks ago. In its foreign policy Peru has got out of step with the other Latin American republics; by stubbornly pres-

sing for some kind of collective action against Cuba. In his home policy, Dr Beltrán is credited with understanding the urgency of social reform; but nothing much gets done.

Bolivia's revolution in 1952 ended racial segregation and encouraged a less feudal outlook. The United States handed out generous financial help although not, until recently, to the decrepit nationalised tin mines which provide Bolivia with most of its foreign currency. Poverty in all its wretchedness persists, and President Paz Estenssoro has clashed with left-wing politicians in his own party, including his vice-president. Two weeks ago, several people were killed in La Paz when transport workers led a protest against the removal of some domestic subsidies, including petrol; a state of siege has been imposed. This, like most such emergency measures, may buy a little time; but, by itself, it only postpones the next eruption.

EDUCATION BILLS

Substantial Half

THE more contentious of Sir David Eccles's two education bills, that to reform the Burnham committee which negotiates teachers' salaries, will not be introduced until after Christmas. The one that has been published reduces the parental contribution to the cost of university education, and will oblige 15-year-olds in England and Wales to stay on to the end of the Easter and summer terms in their last year of compulsory schooling (from 1963 onwards).

The concessions on university fees are complicated and not inconsiderable; they will cost the taxpayer an extra £10 million a year. Many middle-class parents will want to study them in detail. Under the present system parental contributions are assessed at 14 per cent of the balance of income above £450. In future, the contribution will be 8 per cent of the balance of income between £600 and £1,400 (those earning under £700 being fully exempt) and 10 per cent of the balance above £1,400. No less important, parents will still benefit from the income tax child allowance. The following examples from the proposed scales assume that parents have an only child at the university, and make an allowance of 5 per cent in the balance of income for insurance premiums and mortgage interest:

Parental incomes (£s)		Parental contributions (£s)		Tax allowance (£s)
Gross	Balance	Present	Revised	
800	760	43	13	46
1,000	950	70	28	57
1,400	1,330	123	58	58
2,000	1,900	203	114	58
3,000	2,850	336	209	77
4,000	3,800	Full cost	304	84

It will be seen that the tax allowance exceeds the new parental contribution up to an income of £1,400. The changes should mean that 10,000 more families with children at the university will no longer pay anything, and that 40 per cent of students will receive full grants, compared with 25

per cent hitherto. This is a sizeable step towards the total abolition of contributions which the majority of the Anderson committee recommended; it means that the sum, minus tax allowance, to be asked of a parent earning, say, £2,000, will be much less than most parents spend on cigarettes.

On school-leaving dates, as on his implementation of the Anderson report, Sir David Eccles said that he would have liked to go further, but that half a loaf is better than no bread. He has been held back from making all 15-year-olds stay on to the end of the summer term by fears of juvenile unemployment in some areas if too many school-leavers came on to the labour market at one time. One would certainly prefer the eventual introduction of a single leaving date to be complemented by an earlier ending of the school year itself, to encourage staggered holidays and allow proper time for GCE "A" and "S" level examination results to be digested by the universities.

CRIMINAL JUSTICE BILL

Law's Delays

THE prompt introduction of the Criminal Justice Administration Bill, which will implement the main recommendations made by the Streatfield committee last year, deserves a hearty welcome. Britain's criminal courts have long been creaking at the joints: delays between committal and trial have in many cases been scandalous, and excessive rigidity has increased inefficiency further. This is now to be remedied, not by setting up new courts, but by improving the present ones.

The bill provides for the appointment of five additional high court judges (above the present authorised complement of 48), who presumably will be allotted to the Queen's Bench Division. If there is difficulty in finding the right men at the Bar, the Lord Chancellor would be wise to follow American precedent and look to the university law faculties for some of his new judges (including, dare one say it?, to Dr Radzinowicz's new criminal law department at Cambridge—a criminologist on the bench could revolutionise judicial attitudes, which is one reason why he is unlikely to be appointed). In magistrates' courts, the bill proposes that justices be made to work harder. Courts of Quarter Sessions in counties and boroughs are to sit a minimum of four times a year (which is the present maximum), and in addition as often as "the court thinks necessary or the Lord Chancellor directs." Such a change is essential if the principle informing the second half of the Streatfield report, that sentencing should become scientific and be based on the fullest available information, is to be implemented. Only with courts in almost continuous session can the adjournments between conviction and sentence be made, which are needed to collect relevant information.

The assize system is also to be reorganised by orders in council, and extra officials appointed to enable assizes to be held in two

NOTES OF THE WEEK

towns on the circuit simultaneously. The power to commit to assizes or quarter sessions in a neighbouring county where trial in the original county would be delayed (the so-called "convenient court" procedure) has long existed but been little used. The bill provides that it may be used where a person is unlikely to be dealt with within one month of committal, and *must* be used if the case is otherwise unlikely to be dealt with within eight weeks. Any sentence of imprisonment is to be reduced by the period of committal spent in custody before trial. One would like to see the "convenient court" procedure applied also when there is an unduly long delay between the issuing of a summons and a trial, even when there has been no committal (especially in some criminal charges in motoring cases).

Some important changes are to be made in borough quarter sessions. These are presided over by recorders who sit alone, but who are only part-time officials; they are also practising barristers and sometimes even MPs. The post is really honorary although some remuneration is paid and is accepted by the ambitious as a stepping stone to the high court. In the past recorders have been allowed to appoint deputies only in exceptional circumstances, and have had to pay them themselves. The bill allows them to appoint deputies if required and permits these to be paid out of public funds. Since the recorder is required to hold four sessions a year personally there is no danger of the office degenerating into a sinecure.

EUROPE

Frankness and Reticence

THE encouraging thing about Mr Heath's first working encounter with the Six this week in the negotiations for British membership of the common market was that it got straight down to business, and specifically to the Commonwealth problem. The danger had seemed to be that the two sides might circle coyly round each other, discussing principles and showing goodwill, but evading practical details out of fear of giving away positions or getting stuck in rigid ones. This did not happen; thanks in part to the Commission of the common market, whose collective view was stated by Professor Hallstein, the talks moved on a stage from Mr Heath's good start last month in Paris.

In this and other speeches from the common market side some common ground with the British appeared. The Six, it seems, like the British, feel that the problems of Commonwealth countries might be solved in three ways—by association, protocols, or tariff cuts and quotas. But of course, as an article from our Brussels correspondent on page 570 points out, there may be differences on how far these should go. This is what the negotiation is about.

One major topic—agriculture—was also conspicuous by its absence from this week's

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discussions. On this the Six evidently wish to postpone negotiations with the British until they have made progress among themselves. Instead, the most substantial discussion concerned the outer tariff. The British Government, while willing to accept the common market tariff, would like the present provisional 20 per cent cut in it to be permanent. Professor Hallstein argued that it would be wrong for Europe to give away tariff positions without getting a return from the United States. With the debate about America's relationship with Europe beginning, this is a live issue.

Whose Sovereignty?

LURKING in the background of the Brussels talks are the ideas for further political co-operation now circulating among the Six. The new French plan, which received much publicity last week, is only one of several drafts from various common market governments now being discussed by a special commission set up by their chiefs in July. But by leaking their plan efficiently the French have (as usual) given it a better start than the rest.

From what is known of its views the British Government is not unsympathetic to the kind of ideas put forward by the French. The French draft provides for consultation on foreign policy and regular meetings of ministers, but it carefully provides for unanimous voting when decisions are taken. The smaller countries of the community continue to press for community-style institutions and a strengthening of the parliament. The new Bonn government seems to share French reluctance to surrender the power of decision, but it may support the stronger parliament.

The British Government has as yet no actual part in these discussions and it has not even seen the draft schemes. Hence, when a French foreign ministry spokesman gave the impression at the end of last week that Britain backed the French plan, there were mild disclaimers in London. Some degree of reserve is bound to persist until more is known of the defence proposals in the French plan. In substance, however, the French can reasonably argue within the Six that their conception of *l'Europe des patries* suits the British taste.

UNITED NATIONS

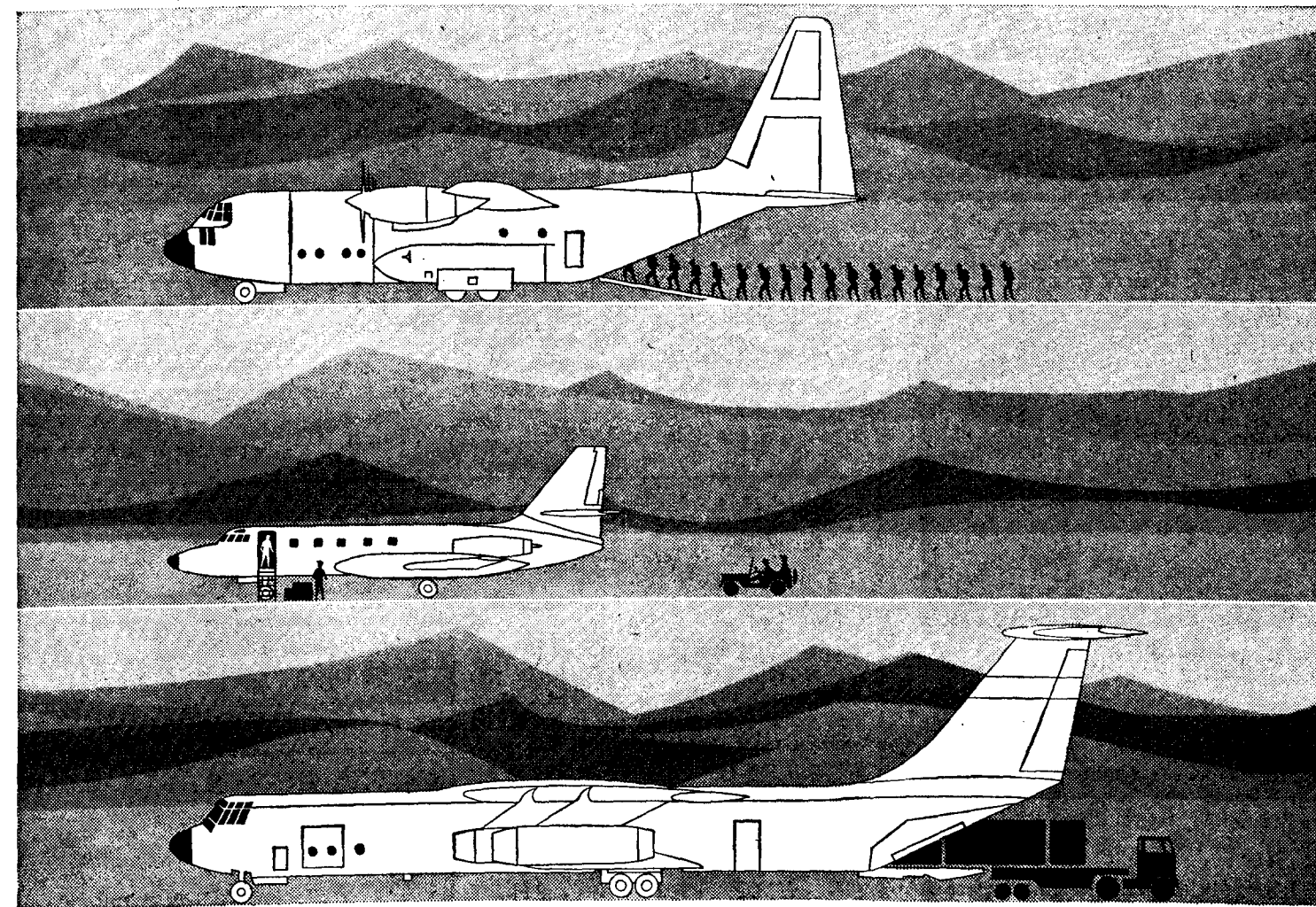
U New

SEVEN weeks after the death of Dag Hammarskjöld, the now 103 members of the United Nations unanimously elected U Thant on November 3rd as acting Secretary-General, to serve until April, 1963. This quietly pertinacious Burmese diplomat's appointment was itself a feat of quiet pertinacity. Last year Mr Khrushchev had told the Assembly that it would be impossible to find any single man who could be trusted to do the job. After Mr Hammarskjöld's death, the Russians demanded the immediate introduction of the

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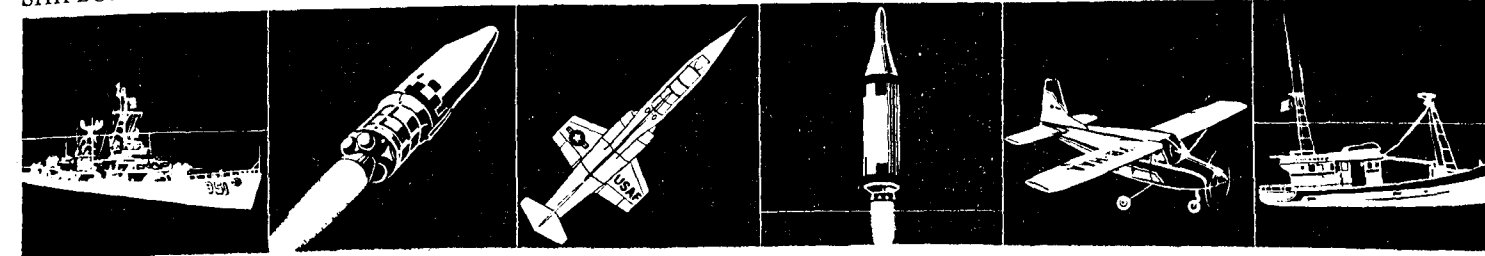


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Khrushchev "troika" system, hinting that if the demand was not accepted there would simply be a long vacuum. When they found the uncommitted countries as firmly opposed to the troika as the West was, the Russians gave ground, but still fought hard to secure a concealed power of veto over the new chief executive's actions. Even this bid was defeated by the stubborn loyalty of the great majority of members to the principle, embodied in the Charter, that the secretariat's allegiance must be to the organisation alone.

Mr Thant announced in his speech of acceptance that his chief political advisers would (at least to begin with) include a Russian and an American—Mr Arkadyev and Dr Bunche, who were already under-secretaries. He would seek, he said, to collaborate with his colleagues "in a spirit of mutual understanding"—and he counted on them to do the same. His hands, in fact, are not tied. As an Asian from an uncommitted country, he may well prove less



U Thant: no veto on him

vulnerable to communist "character assassination" than Mr Hammarskjöld had been. His conduct during the awkward weeks when he was in effect waiting in the wings has reinforced the belief of those who already knew his mettle that a solid core of integrity underlies his preference for discretion.

In his first brief speech, U Thant referred to only one specific problem, the Congo, where "an urgent solution" was needed. This is indeed the field in which he must take immediate decisions, if neither the Assembly nor the Security Council can clarify his mandate for him. On the day of his election, Dr Sture Linner, the chief UN official in the Congo, reported that bombing raids in Kasai province by Mr Tshombe's new fleet of European-manned aircraft (which may or may not have been justified by the central government's offensive into Katanga, now renewed) had led him to warn the Katanga authorities that the UN would take counter-action if these aircraft were not immediately grounded. Dr Linner also reported that Mr Tshombe's regime was continuing to violate the cease-fire terms, to broadcast false and violent propaganda against the United Nations, and to employ white mercenaries not only as an air force but also, with the open connivance of the Belgian consulate in Elisabethville, as a staff for the armed gendarmerie.

COMMUNIST BLOCK

Tirana Unbowed

CONTRARY to tradition, no top Soviet party leader made a speech this year at the reception held in the new Kremlin congress hall on Monday, the eve of the 44th anniversary of the October revolution. Perhaps, after all the speechifying in the same place over the past three weeks, they had no more to say. But next day, at the anniversary military parade through the Red Square, there was a sharp reminder of the party congress as Marshal Voroshilov was ignominiously turned away from his customary place among the communist élite on top of the Lenin mausoleum. There were further reminders of what had happened at the congress in the official anniversary greetings from other communist parties; they were sprinkled with condemnations of Stalin's excesses, of the personality cult and of the misdeeds of the Albanians.

The Albanians, for their part, while sending an extremely fulsome anniversary greeting to Moscow (but, apparently, no delegation) have been enjoying the twentieth birthday celebrations of their own communist party in Tirana this week. When *The*



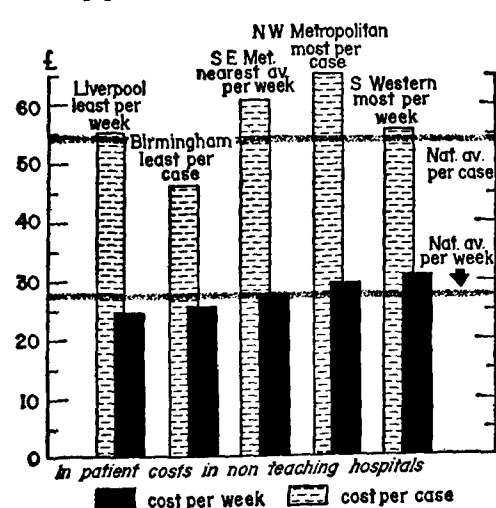
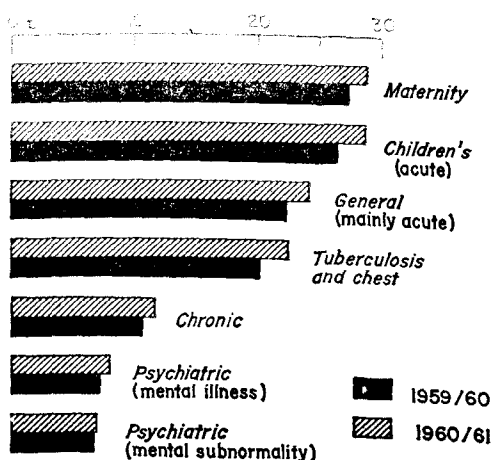
Mr Hoxha and supporter

Economist went to press, reports on what had been said, and what foreign guests had turned up, were still scanty. But Albanian reactions to Mr Khrushchev's strictures are already plain. On November 1st the Albanian party paper attacked Mr Khrushchev with the kind of abuse that it has hitherto reserved for Marshal Tito; next day it published a leader glorifying Stalin and attacking Mr Khrushchev for having Stalin's body removed from the Lenin mausoleum.

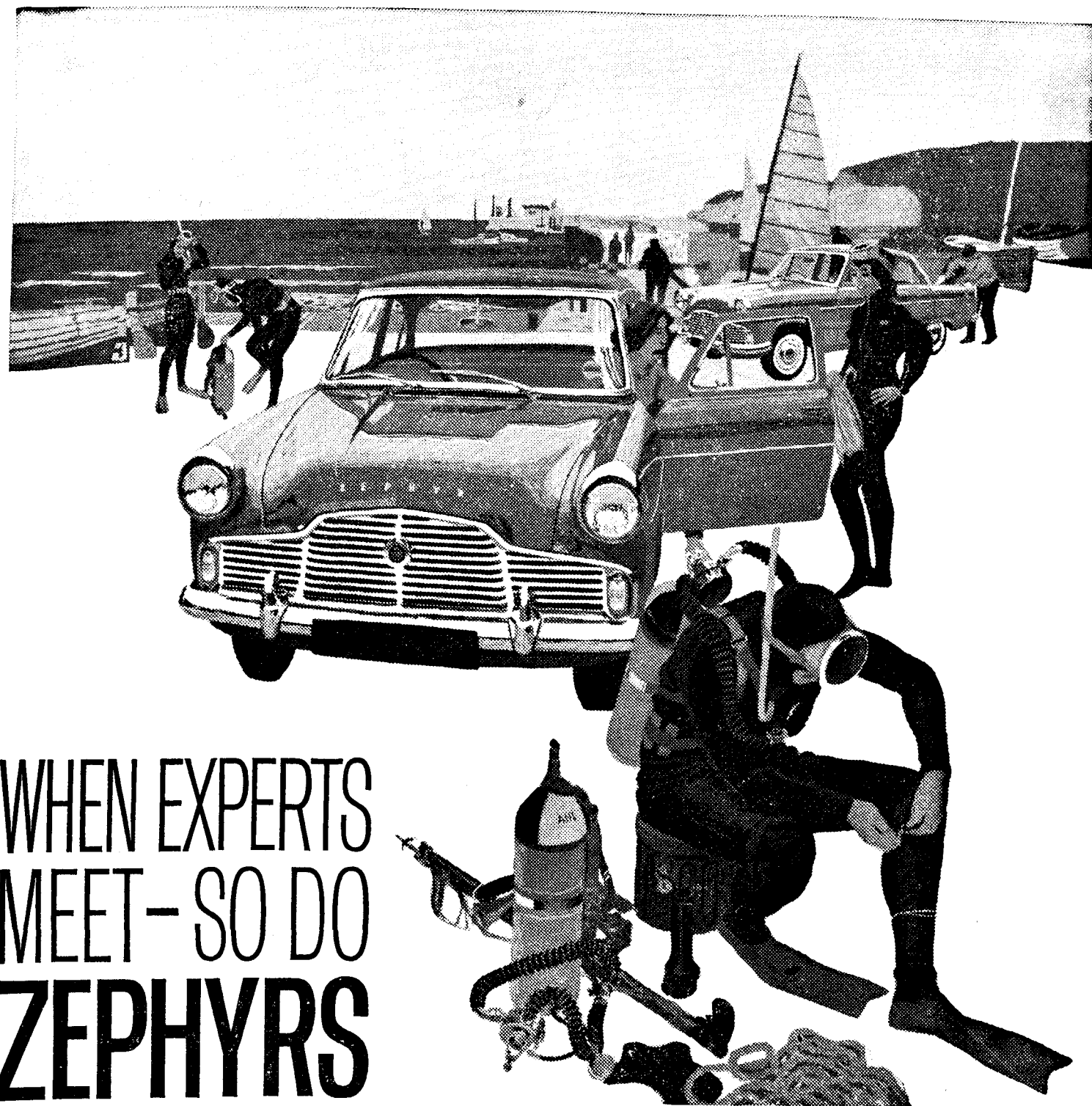
The vehemence with which the Albanians are at the same time stressing their "indestructible friendship" for the Soviet people may suggest an anxiety not to burn all their bridges to the Soviet block. In a

Hospital Costs

There are nearly 2,500 national health service hospitals in England and Wales; of these 468 (of which 34 are teaching hospitals) carry out the system of costing whose results for 1960-61 are in the returns published last week. The average cost per in-patient week has increased by slightly more than 8 per cent this year, about 6 per cent of which is due to increased wages and salaries, shortened hours for nurses and higher prices. This breakdown of accounts shows that it is nurses' salaries which are the greatest outlay. The average nurse's salary cost per in-patient week in maternity hospitals is just over £10; in children's hospitals in the category "acute" (i.e. where not more than 15 per cent of the beds are allocated



to diseases like tuberculosis, or to the chronic sick, etc.) it is about £7 15s., while in mental hospitals it is less than £3. Medical salaries take much less: almost £3 in children's hospitals, about £1 in maternity hospitals and under 10 shillings in mental hospitals. Drugs seldom take much over £1 per in-patient week. The cost per case in all types of non-teaching hospitals (among them those listed in the chart above) has only gone up by 6 per cent, indicating that the increasingly intensive use of beds is continuing. Teaching hospitals are considerably more expensive than non-teaching: the average London cost per in-patient week is £39 7s. 4d. and per case is £89 4s. 7d. In the provinces the costs are £33 16s. and £61 os. 5d. respectively.



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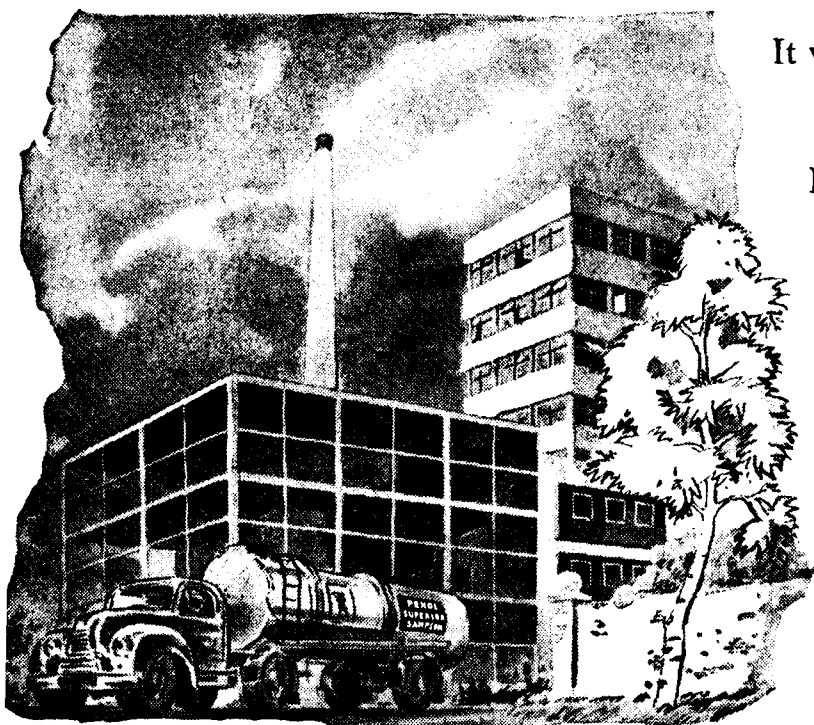
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mammoth speech on Tuesday, Mr Hoxha suggested that he was not without friends in the “socialist countries” and hinted that Mr Khrushchev might be in trouble with his own opposition. However that may be, the Albanians can take comfort from Chinese support and from the pointed references, in Chinese messages and speeches about the Soviet October anniversary, to “the twelve socialist countries”—that is, including Albania. It remains to be seen, however, how far the Chinese will carry their support.

JAPAN

Pacific Isolation

JAPAN has long occupied an anomalous position between Asia and the West, in economics as well as politics. Amongst Asian countries it provides an example of successful industrialisation which has had less attention than it deserves. But in the eyes of Lancashire the name of Japan still stands, unjustly, for exploited labour and “unfair” competition, and Britain is not the only industrial country that continues to treat Japan as a black sheep by denying it most-favoured-nation treatment. Japan's isolation is now being aggravated by the formation of regional communities in many parts of the world. If, as the article on page 527 suggests, America is one day to join Europe in a vast new trading group, Japan would be the one major industrial country left outside.

There was thus a special significance to the visit to Japan last week of Mr Rusk, the American Secretary of State, to attend the first meeting of a joint cabinet committee on economic policy set up last June by President Kennedy and Mr Ikeda, the Japanese premier. American policy is evidently designed to bring Japan fully into the fold. Because Japan is a useful ally, and is in a position to make an important contribution to aiding poorer countries in Asia, the United States last year helped Japan to become a member of the Develop-

ment Assistance Group, now the aid committee of the Organisation for Economic Co-operation and Development. But Japan inevitably asks whether it is going to get trade benefits in return for assuming new aid burdens.

For some ten years the United States has treated Japanese exports a good deal more liberally than some other western countries do; Britain, for instance, still refuses Japan the full benefits of Article 35 of the General Agreement on Tariffs and Trade. The time may be coming when this country may have to reappraise its attitude. If membership of the common market is to mean that other western countries “share the burden”—in the quaint phrase—of importing cheap cloth from Hongkong, Britain may have to share more of the “burden” of importing Japan's excellent cheap cameras and transistors.

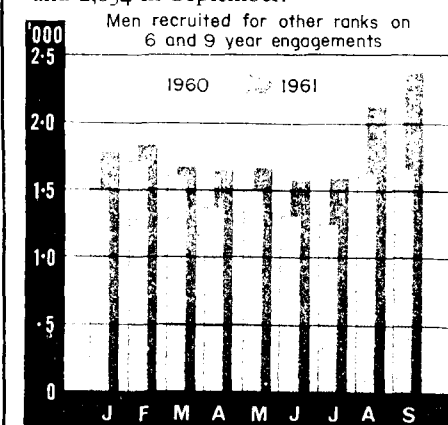
MAGAZINES

How Topical?

THE reading classes will always buy a first issue and a centenary one. It is the years between that are harder. The new magazine *Topic* (“the British newsweekly”) did not quite sell out on its initial appearance at the end of last month, and since then, although its content has become more tabloid, its sales seem to have followed the expected droop downwards. *Topic* has tried to carve out a place for itself among the middle-brow public (usually designated as “the busy reader”) which is thought to like a mildly newsy, encouragingly illustrated magazine around the house—but which has unfortunately allowed a long series of precisely such magazines either to fall by the way or find their last resting place in the uneasy amalgam of *Today* (formerly *John Bull*). The initial blend that *Topic* tried was gossip-length news coverage with longer stories on the Snowdons and Mrs Khrushchev (“the woman behind the bomb”) that seemed deliberately geared to the woman's angle and written in a style reminiscent of *Woman's Own*. This could conceivably click, but as yet it is an uncer-

MORE ARE JOINING UP

Recruiting for long service engagements in the army has been considerably more successful this year than last. The balance of total intake over wastage among other ranks (including boys) was 55 in June, 212 in July, 320 in August and 2,654 in September.



tain brand image beside the professional slickness of *Time* with its wider transatlantic resources.

The scepticism with which Fleet Street has greeted the new venture has been based on the obvious difficulty of achieving freshness of content with a deadline which appears to be set early on Monday, when the news of the new week is only a gleam in Mr Khrushchev's (or anyone else's) eye. This looks a serious liability among a readership which already has the “quality Sunday” habit. It may have been what Mr Cecil King had in mind when he sent his (potentially classic) telegram: “Wish you every success with your brave new venture. Thank God none of my money is invested therein.” The victim promptly retaliated with best wishes for rebirth this week of Mr King's “valued little magazine,” the *Statist*, with (so *Topic* said) its circulation of 1,100 a week.

Old Friend in New Dress

NEITHER the *Statist* nor its new editor, Mr Paul Bareau, is in any sense a stranger to *The Economist*. Its bid, now that it has become a contingent part of Mr King's empire, to win more readers' attention and more influence where influence counts could be applauded by *The Economist* as flattery's best form. But this would be unfair. The *Statist*, which was founded 83 years ago by a group including Robert Giffen, previously the best and best-known assistant to Walter Bagshot, *The Economist*'s own greatest editor, who had suddenly died a year before, makes its bid in its own long-established right; and it does so under an editor who, for a quarter of a century, has been, among many other things, one of *The Economist*'s best friends and colleagues. We have shared with paper and editor these many years a belief in competitive enterprise. They have our handshake.

The Economist

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WOMEN'S MAGAZINES

THE “English Woman's Journal” continues to bring forward and advocate every rational scheme for the advancement of education and the means of self-support among women. This journal deserves credit for the good sense with which it avoids aimless talk and impractical suggestions, confining itself to the forwarding of actual work, and the awakening in women themselves of a feeling of responsibility and a spirit of mutual helpfulness. The last two numbers report the progress made by the “Society for Promoting the Employment of Women” during the years it has now existed; they draw attention to a plan for helping our over-energetic governesses to

emigrate to places where their services would be valued and well remunerated; they give some graphic sketches of “Slavery in the South”; and the usual fairly written articles on celebrated women, on various reformatories and charities, and on general literary topics.

The “Englishwoman's Domestic Magazine” keeps its contributors well supplied with the latest fashions and inventions in dress and needlework. The pattern sleeve accompanying the number will, we have no doubt, be welcome to many fair readers; while the tales, some of them we are inclined to think translations from the French, will serve to amuse an idle hour innocently at least, if not very profitably.

Polyethnic Unity

ACYNIC might say that if the Commonwealth countries were less plentifully informed about each others' doings, they might get into fewer rows. There have lately been needlessly bitter exchanges between newspapers in Britain and India (about Katanga), and in Britain and Ghana; strong words recur in exchanges between Indian and Pakistani papers; South Africa's departure from the sorority has reduced the field of Commonwealth controversy, but it remains large. And controversy will go on as long as Commonwealth countries take a special interest in one another and judge each other by standards somewhat higher than they apply to countries about which they care less.

At the conference of the Commonwealth Press Union last week at Rawalpindi, Karachi and Delhi, special attention was naturally paid to the fate of the Pakistani press under military government. President Ayub Khan, in his opening address, admitted with characteristic frankness that martial law had involved some limitation of journalistic freedoms, and leant on the argument that, in a country where many people are still unfamiliar with print, there was no such self-regulating discipline as a more sophisticated readership would impose on newspapers. Mr Gavin Astor, the chairman of the union, answered the president with matching frankness. It may be that the very fact that such a public exchange of arguments can be held in Pakistan now is an encouraging pointer.

LETTERS

Immigration

SIR—Since you couple my name with the Immigration Bill may I ask you a few questions? Coloured immigration is now running at the rate of 200,000 per annum, and the influx from India's 500 million has scarcely started, though its poverty is the greatest. How soon will it be before there are more coloured than white people in England (assuming the recent rate of increase continues and there is no legislation to curb it), and do you seriously advocate the English people should ultimately become a minority in their own country?

The seeds of crisis are already present among the workers who are directly involved in the social strains of competing with immigrants for homes, hospital beds and social services. Do you advocate this crisis be deepened by unlimited immigration until inevitably there is a social explosion and bitter hatreds? Do you believe the entire Commonwealth of nearly 600 million people should have the undisputed right to dump in England its criminals, its lunatics, its lepers and its own vast un-numbered unemployed?

Are we not entitled to impose at least a quality control? And would *The Economist* apply its high-minded principles of unlimited entry even if we had serious unemployment at home?

I posed similar questions to you in my letter of June 26th, which you refused to answer. Sir, since you tie my name to the Bill, will you please answer these questions?—Yours faithfully, CYRIL OSBORNE
House of Commons

[(1) There are now estimated to be about half a million coloured people in this country, compared with perhaps 300,000 two years ago. At this level of increase, they would outnumber the 52 million native-born Britons some time around the year 2480, by which date colour prejudice (itself a product of the post-slavery century) will be forgotten. (2) If serious unemployment appeared at home under a government of Sir Cyril's party, we would recommend chucking that Government out in favour of one that followed Keynesian policies before heaping the blame on the immigrants. Meanwhile, because some of these immigrants unfortunately live 50 or so to a house, they add far more to the productive (including building) labour force than they do to the demand for houses; this will remain true even when we at last start to house them better. And the theory that it is not decent workers who afford the fare

LETTERS

The present trend is ominously in the other direction in Ghana, where an already weakly opposition press has been further reduced to silence, and in Ceylon, where Mrs Bandaranaike's government is now preparing a Bill for the compulsory transfer of the principal newspapers to public corporations. Ceylon's press has lingered long beneath this Damoclean sword, and there is obviously much anxiety in the country (and some in the cabinet) at the prospect of an enforced "monolithic" press structure. Even now it would not seem too late for the government to search for a better alternative, which need not necessarily mean just leaving the newspapers as they are, admittedly over-concentrated in two main groups. Ceylon might learn much from the experience of other Commonwealth countries in this respect. Somewhere in the essentially "polyethnic" variety of the sisterhood there must be an answer.

HEALTH AND SOCIAL WORKERS

In Search of Status

ALTHOUGH the Government has been rightly castigated for its laggardliness in bringing forward several overdue pieces of social legislation, it has at least made one minor attempt to work off part of the lengthening backlog. The origins of the Health Visitors and Social Workers Training Bill go back as far as the Jameson report on health visiting in 1956 and to the Young-husband report on social workers in 1959. The experience in the light of the Mental

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Health Act has made it even more important to hasten it along.

The services concerned are so heterogeneous that generalisation about their specific needs is difficult. The Jameson report recommended a total force of 11,500 whole-time health visitors, an increase of some 3,500. The Younghusband committee, confronted with the varying circumstances of mental welfare officers, home teachers of the blind, hospital almoners and the rest, and having to reckon with a long tradition of part-time work in many categories, concluded that no reliable estimate of the recruitment problem, or any part of it, was possible at that time. Its working figures, however, suggested that there should be an establishment of the equivalent of 5,500 whole-time officers with a general training in social work (an increase of 2,500), and the equivalent of 800 whole-time officers (psychiatric social workers, almoners and family caseworkers), an increase of 700. Not the least important task for all those concerned is still further research into duties, case-loads and general co-operation.

The new bill, while providing for research by central and local authorities, will create two training councils, one apiece for health and social work, to supervise the provision of training facilities, courses and examinations. These councils will also have responsibility for research in training matters. One primary result of the councils' establishment should be to increase the status of the ordinary social worker; this should be one aid to recruitment, but most of these whole-time workers deserve more pay as well.

to Britain—but lunatics, lepers, criminals and unemployables—is a figment of Sir Cyril's imagination and prejudices.].

★

SIR—Would you explain why West Indians represent our Brother Man any more than other Europeans or Americans or Chinese, all of whom are already much more securely banned from this country than Commonwealth citizens will be under the legislation proposed by the Government? Surely a nationality bar must be nearly as wicked as a colour bar and its abolition would enable you to fill up this overcrowded little country even faster than at present.

Has it ever occurred to you that what we can do for our most important coloured guests, meaning students, trainees or even ordinary visitors, may be gravely damaged by the racial strife that will follow the unrestricted coloured immigration you appear to advocate?—Yours faithfully,
London, SW3 RICHARD WHITEHEAD

Arms and Men

SIR—Your article "Arms and Men" (October 28th) underlines the main objection to the proposal to increase NATO's ground force: a large, modern conventional force would be very costly. But you do not adequately state the case for a larger ground force: you do not indicate what risks

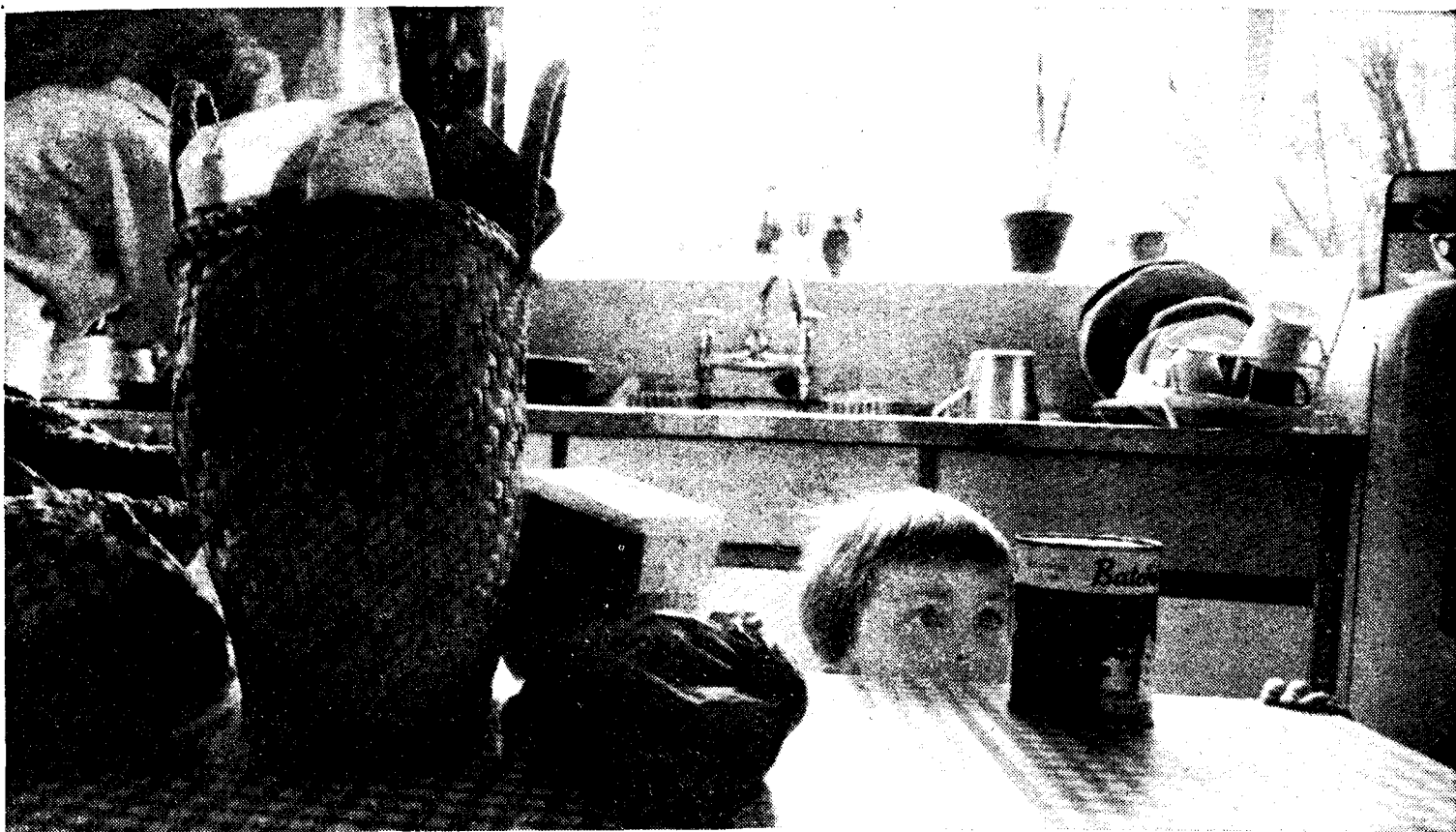
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ADVERTISER'S ANNOUNCEMENT



FAY BATEMAN SAYS:

It's nice to have a can about the house



Cans even help to keep you young

REMEMBER THE DAYS when you were first married, and cooking seemed exciting? And so did the shopping? And even the housework? Now, as the mother of—say—three children under five, those innocent days may seem a long way off. And if your watch (or worse, your mirror) begins to tell you that time is your enemy, why then—you've got to do something about it.

Meals in minutes

And what you've got to do is to get yourself organised. Be adaptable again, the way you used to be. Go shopping twice a week instead of every morning. Keep your cupboard full of cans so you never have to worry. Knock up meals in minutes, instead of spending hours in niggling preparation. And so set your-

self free, just sometimes, to do what you want when you want. Which is the best and pleasantest way in the world of keeping young.

Cans for the housework too

How do you find time? Well, you don't always scrape the carrots, you open a can instead. They're just as nice. You don't peel and gouge away at the neighbour's

windfalls, just gratefully received: you throw them out (tactfully) and open a can of raspberries. They're nicer. Now that so many different and delicious kinds of fruit and vegetables come in cans (with vitamins and flavour intact) you make the very most of them.

Then you simplify your housework—with aerosols. After all, they'll clean the shoes, polish the furniture, starch the washing and accomplish any number of otherwise dull and unrewarding household chores just for the press of a button. It's being so very much up to the minute, in short, that keeps your brow so very unclouded.



WHAT NEXT? New aerosols for home dry-cleaning save bills and time. Just a whiff and a puff and the grease stain's gone. Your local supermarket probably stocks them. And what about keeping the telephone germ-free now the flu season is here? Aerosols will do this, too.

LUNCH NOTE: On the table in just twenty minutes. Hot soup, then canned steak and kidney pudding, baked beans and those peas nicely hot up with a sliver of onion and a knob of butter.

Europe is running if it does not increase its ground defence, particularly in conventional forces. It is only by taking the risk into account that it is possible to decide whether the cost is too high.

The first risk has been widely discussed: the danger that, in relying on a nuclear defence against major ground attack, the West may find itself paralysed if the Soviets should ever challenge the western position. It is one thing to stick to a policy of nuclear threats to deter a nuclear strike by the Soviets; it is quite another to take the responsibility for initiating nuclear war because we have no other way of resisting a serious conventional attack. The present strategy leaves the West dangerously open to pressure and blackmail.

The second risk arises from the fact that it is an American nuclear threat which deters a Soviet invasion under the present strategy. It is a source of weakness in an alliance that one member should bear disproportionate risks. Since the United States has become aware of its vulnerability to nuclear attack, it has been seeking an alternative way of deterring those military threats which fall short of an attack on the United States itself. To this end, the United States is incurring substantially increased costs. It would seem unwise for Europe to refuse a similar effort, on the ground that it is too costly. Furthermore, the present differences on strategy themselves weaken Nato, and it is not likely that the Americans will give up their conviction that a large conventional force would be the safer policy for the alliance.

Since the defence budget has represented a declining proportion of Britain's national income for nearly a decade, it would not be an intolerable sacrifice if the proportion should be increased.—Yours faithfully,

J. L. RICHARDSON

Cambridge, Mass.

Katanga

SIR—At the time I read your recent "Mysteries of Katanga" (October 21st, page 215) I thought you were less than fair to President Tshombe over his failure to hand over his Irish prisoners. The release of prisoners was promised by Mr Tshombe as soon as the terms of the cease-fire were ratified at UN headquarters. As the Communist and Afro-Asian blocks were obstructing this ratification, Mr Tshombe's reluctance to observe his side of the bargain until it was clear that the UN could follow suit was understandable. As soon as the terms of the cease-fire were conditionally ratified (whatever that may mean), the Irish prisoners were promptly released.

You furthermore dismiss the alleged atrocities committed by UN troops on the grounds that these were "carefully investigated" by the UN (forgive me for saying that this is about as convincing as a house-breaker being acquitted by a packed jury of burglars!) and "that, apart from cases of unintentional involvement in crossfire, the only 'ambulance' attacked was one carrying four Europeans and a bazooka with

which they had killed three Irish soldiers and injured others." The result of this investigation does not agree with other eyewitness reports, including those of your own special correspondent who gave instances he had witnessed in an article "The Events in Katanga" (September 23rd), or the statements of certain Swedish and Irish UN officers who were reported to be sickened and disgusted by atrocities they had seen committed by other UN troops.

And can you be so sure that the action on September 13th was simply a resumption of the round-up of European military advisers (the UN's bag of "military advisers" included a sanitary inspector!)? In an article in *The Economist* of September 30th, your special correspondent referred to "the failure of the UN to defeat the Katanga gendarmerie" and the UN's "failure to bring Mr Tshombe to heel." Is this the language with which to describe a police action? Apart from isolated incidents, the "war" broke out when UN troops attempted to storm the Post Office which was defended by African troops led by African officers. Simultaneously—though somewhat prematurely—Dr Conor Cruise O'Brien announced that Katanga's secession had come to an end. This, to me, gives the impression that the UN action was undertaken on somewhat broader lines (and outside the spirit and letter of the UN resolutions), to bring Katanga under Leopoldville's authority by force of arms.—Yours faithfully,

E. D. O'BRIEN

London, W1

Kenyatta

SIR—I read in Mr Macleod's "open memo" to Mr Maudling (October 14th): "Kenya has been a disappointment." To whom? To his fellow-tribesmen bestially slaughtered for Christian faith and loyalty to the Crown?—Yours faithfully,

JOHN BIGGS-DAVISON

House of Commons

After the Pause

SIR—Your article, "Pay after the Pause" (October 21st), repeats the usual answer to the complaint that a pause "will react unfairly on those who were next in the queue when the chopper fell." The implicit assumption that the spiral is continuous, and that the principal motive for all wage claims is the maintenance of relativities (with each union choosing to maintain those most favourable to its own members), is mistaken. Surely the real motive for pay claims is the growing expectation of union members that they should enjoy an annual increase in real and/or money wages. Some smaller unions may base their claims upon changed relativities, but that is a matter of tactics. In principle, at least, it is quite possible to distinguish between those unions which are setting the pace and those which are trying to bring the pay of their members up to the level received by workers doing comparable work.

Your article also shows the same confusion of thought that colours much of the

discussion of the role of wage differentials. It has been too readily assumed that expanding industries need to offer higher wages in order to attract workers from contracting industries. A contracting industry cannot attract young workers (who may be needed to some extent still) nor retain its older workers if it allows the wages it offers to fall far below those being paid by expanding industries to those workers who can easily change jobs (the semi-skilled and craftsmen whose skill is in demand in both contracting and expanding industries). Why not recognise this and put wages up in contracting industries to the level paid to similar workers in other industries? This is not incompatible with the re-allocation of labour, since higher wages will force employers in the contracting industries to release workers they can no longer profitably employ.—Yours faithfully,

J. JACKSON

Dundee

* * *

SIR—The reluctance of employers to stand firm in the face of wage demands which, if conceded, would be inflationary, is firmly buttressed by the fact that the Government does, in effect, find approximately half the cost of any increase conceded—the sum involved being a charge against profits for income and profits tax purposes.

The deliberations of the National Economic Development Council will eventually, one assumes, produce a figure for what the Government will regard as a reasonable and attainable rate of economic growth. Could not fiscal teeth be given to this yardstick by disallowing for tax purposes any wage increases beyond this figure? Thus supposing that the forecast rate of growth were 3 per cent per annum, if a pay award of 5 per cent were conceded by an employer, the additional 2 per cent would not (say for the first year) be allowable as a deduction from taxable income. Since it would be necessary to allow for changes in the labour force employed, the calculation could be based on the average weekly pay per head for the previous year; this rate, grossed up by 3 per cent (or whatever the appropriate figure might be), would then be applied to the average labour force for the tax year in question to obtain the total allowable charge for wages (and salaries of course).—Yours faithfully,

R. B. GIBBS

Harwich, Essex

Burma

SIR—In the article "Burma Dreams and Realities" in *The Economist* of October 21st, it is stated, "... the minister of industry, U Raschid, has promised that the government will establish an Industrial Development Bank. The bank has not yet reached the planning stage, however, and it will certainly take time to establish it."

In fact, the Industrial Development Bank had, as promised by U Raschid, already been established and it was officially opened on October 2nd, 1961, by U Nu, the Prime Minister.—Yours faithfully,

Rangoon

KHIN MAUNG SOE

BOOKS

Churchill's Cherwell

The Prof in Two Worlds

By Lord Birkenhead.

Collins. 383 pages. 45s.

IT is around his performance as scientist-politician, not as economist, that the battle about Lord Cherwell's reputation and personality has been, and still is, bombinating. Yet his largest influence during the war upon his prime-minister patron was exercised through the agency of a deft team of (mainly) economist and statistician intruders under Sir Donald MacDougall. And certainly the chapters in Lord Birkenhead's new biography of him with the largest special interest to *The Economist* are the two which set out succinctly Lord Cherwell's stance on the great issues of international economic policy after the war. One tells in a few pages how, in the post lend-lease discussions from the mutual aid agreement of 1942 to the Bretton Woods agreement two years later, he threw his weight behind accord with the United States and an international system. The other tells, discreetly, how in 1952 he opposed the plans for a floating rate for the pound and for immediate convertibility, which were splitting the cabinet, but sponsored instead an "Atlantic payments union"; this chapter is discussed separately, for its contribution to the historical record, on page 584.

The aim of Lord Birkenhead's book about his father's and his own close friend, Frederick Lindemann, Viscount Cherwell, the greatly gifted and well endowed, tennis-playing, piano-playing, sybaritic, vegetarian, bowler-hatted, intransigently Tory and intellectually cocksure "Prof," is to put a rounded portrait of him in place of earlier caricatures. Before the first world war Lindemann walked, as a young scientist in Berlin, with Planck, Einstein and Nernst; during the war, at Farnborough, he turned his acuity of thought, and his personal courage, to the problems of military aircraft; after the war, in his Oxford chair, he took the run-down Clarendon laboratory and built it into the first rank. Then, midway between the first world war and the second, his mind became fixed on the perils of air attack, and the need for proper defences. So he sought, and through Winston Churchill he got, political influence and power; it is about his exercise of these that the argument rages.

Lindemann entered politics, and history, through society. The precise date was August 1921, when he first met Churchill at the town house of the Duke of Westminster. He is one more classic case of the outsider in England who makes his way, and finds his fulfilment, on the inside station.

With his cosmopolitan background, his German father and his American mother, he was, though an Englishman, always ill at ease among Englishmen at large. Only among those who themselves felt at ease and were ready to accept him for what he was, and for what he had to give in thought and talk (and tennis), did he feel comfortable and relaxed: among the top people at Charlton, Eaton Hall, Blenheim Palace, Taplow Court, Welbeck Abbey and Mount Stewart (as in the earlier days when he mixed with Kaiser and Tsar at the Grand Duke's in Darmstadt); in the Christ Church common room; with always admiring undergraduates; and feeding the bright young men in his laboratory with brilliant ideas. For the rest he made his own shell, with his still-life rooms (and modern conveniences) in college, his Rolls-Royce and the faithful servants to whom he was unfailingly kind.

This was not just snobbery; he knew where power, as well as comfort, was. To Winston Churchill he was at once "one of the most attractive and fascinating minds with which I have ever been brought in contact," and became his friend and confidant in the wilderness while the storm was gathering. Then, when the war brought Churchill to the top, Lindemann was there to be his essential tool: he "could decipher the signals from the experts on the far horizons and explain to me in lucid, homely terms what the issues were." That was the justification in history for Lindemann's role; Churchill could not do without him. Churchill was (exceptionally) literate; he was (exceptionally) numerate; the two fused.

IN power, Winston Churchill, ceaselessly fertile of ideas, needed men about him to sift the good among them from the bad in his out-tray: his Ismay and his Bridges. And for the projects and ideas that filled his in-tray he needed a translator, a simplifier and ready-reckoner: the ever-loyal Prof. Sometimes Lindemann, in this process of explication, had the quality of the best journalism, which is first to simplify (truthfully) and then to exaggerate (to drive the point home). But too often he had the quality of the worst journalism, which is first to exaggerate (in order to press a preconceived idea) and then to simplify (in order to rule out other choices). That is the gravamen of the case against him, against the kind of power that he had and the way he used it; that, and not any personal adjectives or inaccurate anecdote, was the real point of Sir Charles Snow's recent attack on him in "Science and Government."

Lord Birkenhead, whose book is a very honest job of work, fairly brings in Sir

Robert Watson-Watt to prove that the Prof, with his passionate concern for air defence and his alert attention to every trick of science, did not obstruct, could not have and would not have obstructed, the development of radar. Yet, at the end, Sir Robert gives the game away: "As a mere tactical diversion Prof may have made a flourishing feint against radar, so that he might better the chances of those projects of his own which were being coldly received."

Lindemann, who sought comfort so persistently in his own and his social life, was the most uncomfortable of all men in committee. There, except when he had behind him the fiat of his master, Churchill, he was deliberately the opposition, crying up his own contribution and crying down the rest. That is why war-time ministers who had to cope with him and his intruders still call his interventions in other departments' policies "unhappy and mischievous," however "hopeful and right" his planting of science in the forefront of public policy might be. His real enemy was not either Tizard or Blackett or Snow; it was himself.

None of this Lord Birkenhead really denies. For all the "teeming ideas" which Einstein ascribed to him, despite the fact that Tizard himself said at the end that he was "as clever as Rutherford," the Prof, who would never play bridge for fear of playing it badly, would overplay his hand. Unable to understand or even to consider some other points of view, rancorous towards those who would disagree with him, arrogant, sarcastic and aloof when made to back his views in counsel, he cantankerously diminished the special function that he, by his qualities, had invented.

So the argument rests. Lord Cherwell is entitled to praise for the causes he pursued: safe air defence; the proper place of science and scientists and education; the crucial contribution in national growth of technological education: he made a lasting mark, for himself, his patron and his country, by backing these. But, for all his arithmetic, when he had a cause or a ploy of his own to press he seemed to care hardly a hoot for the balance of priorities.

Lord Birkenhead's advocacy is fairly rounded, but not yet the last word. It is just to end with the judgment, which he quotes, of one of Lord Cherwell's faithful intruders, an economist and a civil servant:

He displayed admirable tact and could be a most fascinating companion. That he could be and often was intolerably grumpy, spoilt, unjust, etc., cannot possibly be denied—too many who only met him once or twice saw nothing else. But if all was well he could be entrancingly funny, understanding and kind. . . . I do not think any of us failed to perceive that he had a real scale and greatness in the depth, clarity, speed and severe simplicity of his thought. Certainly in my experience he can be compared only with Keynes.

On the inside, the Prof could be a great man; outside he was not.

Whose Image?

The Moulding of Modern Man

By T. H. Pear.

Allen & Unwin. 220 pages. 21s.

IT is a fact, unfortunately, that a book called "The Moulding of Modern Man" by a professor-emeritus of psychology will arouse foreboding in the mind of the prospective reader. Opaque technicalities and unfounded generalisations are what his experience may lead him to expect. Mr T. H. Pear is never like that. His professional colleagues of the more solemn sort may sometimes raise an eyebrow as he skips nimbly from topic to topic, but the intelligent layman cannot but be instructed and entertained.

This volume is a sort of commonplace book, in which a shrewd observer of the present scene has jotted down his reflections. It is unsystematic, prejudiced, humane and often penetrating. The theme that holds it all together is the extent to which modern man is subjected to a range of influences—social, political and commercial—so that his existence as an individual is increasingly threatened. Society will no longer let us be ourselves. In making his case Mr Pear does not fall into the romantic fallacy of the self-sufficient human microcosm whose mind is its own place, but he does perhaps underrate the psychological pressure of past times. The middle ages exacted a considerable conformity in most things, and the early rebels against eighteenth century rationalism went mad in breaking their shackles.

But these are small matters. Anyone concerned at the effects of propaganda, advertising, brainwashing and the rest of the less explicit pressure towards conformity will find no comfort here. There may have been times when pressure was exercised in similar ways. A morality play may have advertised a sure way to salvation, and brainwashing was not unknown in various kinds of dungeon. But now we are putting at the disposal of those who would exercise psychological pressure the tools and concepts of modern research. As we improve in efficiency so the individual becomes more vulnerable. This, at any rate, seems to be the gist of the argument.

Perhaps things are not quite so bad as they seem. A literate man is rendered more accessible by his literacy, but an educated man can evaluate what he reads and hears. Recently a schoolmaster was reported to have used television programmes to analyse with his pupils the wiles of the advertiser. The children learned quickly. Madison Avenue and Big Brother can be ingenious, but we must not overrate them. The man is hard to hide behind the "image." This book itself and others like it help to weaken the influences which they deplore.

It may be that Professor Pear has suffered under one handicap through becoming emeritus—he is less aware than he would otherwise be of the questioning non-

BOOKS

conformists that are our young people today. An Organisation Man among them has rather an old-fashioned air.

Fall of a Monarchy

The Break-up of the Habsburg Empire, 1914-1918

By Z. A. B. Zeman. Oxford University Press. 292 pages. 30s.

THIS valuable study of so hotly disputed a theme is stiff, specialist reading. Mr Zeman keeps strictly within his terms of reference. Apart from one introductory paragraph about the extent of Austria-Hungary in 1908, he gives his readers no historical help, but plunges them straight into the confessional and racial conflicts of Austrian Galicia on the eve of the first world war: were one not fairly familiar with the wrangles between Poles, Ruthenes and other kinds of Ukrainians, and with the social and linguistic nuances, which the slow and only partial industrialisation of eastern Europe had made more bitter, one might well feel lost. The *Ausgleich* is very briefly sketched in, but no indication is given of the constitutional development of either Austria or Hungary after 1867, except for several bare references to the introduction of manhood suffrage in Austria in 1907; the relation of this measure to the relations between the nationalities within Austria is scarcely indicated.

The analysis of the four war years is all the more precise. Interesting contrasts are made between the position of Poles, of the Southern Slavs and of the Czechs. The Poles were favoured stepchildren, as it were, of the Austrians and, for that matter, of the Magyars as well, though Mr Zeman does not touch upon this. But there were Russian and Prussian Poles outside the monarchy, and the sense of partition remained while this was so. There was also the fatal question of the Polish-Ukrainian relationship: this created the biggest problem of the post-war Republic of Poland and provided some justification for the eastern frontier upon which Stalin insisted in 1945.

The southern Slavs had two points *d'appui*: one within the monarchy in the nominal autonomy of Croatia within Hungary; and one beyond in the independence of Serbia, which since 1903 had been under Russian patronage. As Mr Zeman writes, "Serbian terrorist activities in Bosnia . . . had pushed the monarchy into its last war," and it seems that Russian secret service money had not been lacking. Even the Rumanians of Transylvania and the Bukovina had an independent Rumanian monarchy to which to look. And yet Mr Zeman believes, and few of the *cognoscenti* would disagree, that the Czechs, with no political or racial sponsor or patron within the Habsburg Empire or outside it, through their leaders in exile, were probably the most important single factor in that empire's undoing. This is difficult to understand with so little background information. It is

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not only in the light of subsequent events that the claim may be made; there were observers who in 1914 were aware that the unending quarrel between the Czechs and Germans in Bohemia would be fatal to the Habsburg regime. Masaryk used the war to end this quarrel in what seemed to him the best way.

Mr Zeman is right to wish to correct the version offered by Masaryk and Benes of the history of the Czechs during the war. In exile they undoubtedly anticipated events in Prague by a good deal and ignored what they preferred not to know; but perhaps only visionaries can make their dreams come true.

"The argument," Mr Zeman concludes, "that the Allies wilfully broke up the [Habsburg] monarchy in October, 1918, or, still worse, at the peace conference, completely lacks substance. . . . The ultimate responsibility for the disappearance of the Habsburg monarchy rests squarely on the shoulders of its rulers."

History in the Future Tense

What Is History?

By Edward Hallett Carr.

Macmillan. 155 pages. 21s.

"NOBODY," says Mr Carr in his Trevelyan Lectures, "is obliged to write or read history." This little book will certainly be read by historians, and not least by those mystics, sceptics, indifferentists, conservatives (Mr Carr does not say obscurantists), theologians and mere men of letters at whom Mr Carr points his most polished darts. The point to make here is that it ought to be read by politicians and diplomats—and journalists—as well. It is not necessary for any of them to agree with all the closely joined links in Mr Carr's characteristic argument. But his plea for a "bold readiness . . . to present fundamental challenges in the name of reason to the current way of doing things and to the avowed or hidden assumptions on which it rests" is not addressed only to historians and sociologists. It is addressed also to all the "political thinkers of the English-speaking world." Mr Carr's apprehension is that, when the world is changing more rapidly and more radically than at any time in the last four hundred years, Britain may "lag behind the general advance and relapse helplessly and uncomplainingly into some nostalgic backwater."

These are fighting words. What have they to do with the meaning of history? Mr Carr has tasted Marx appreciatively, without quite swallowing him; he denies that he himself (or Marx either) can be called determinist; and he cocks his snooks urbanely against Sir Isaiah Berlin, Professor Popper, Professor Oakeshott and the late Sir Lewis Namier who would take the other view vigorously. He leans rather, without resting, upon Acton, Collingwood and, unexpectedly, Powicke—as well as upon Marx and himself—in his interpretation of what

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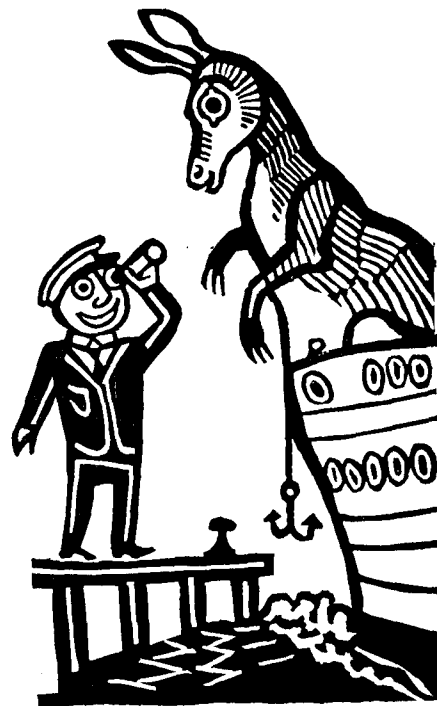
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They searched her . . . ouch!
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on
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history is, both the process of it and the writing of it.

The historian is inextricably the product of his times; so is history of its times, and so is its selected recording. The best historian—Mr Carr would really say the only historian—is the one who, by frankly recognising the contemporary involvement both of himself and of his facts, can rise above it. And his job in writing about the past, or the present, is to spot the winners in the future.

This is where Mr Carr goes to Professor Powicke for the plea made thirty years ago for "a constructive outlook over the past." History is, as it were, a dialogue between the historian of the present and the facts of the past; and it "acquires meaning and objectivity only when it establishes a coherent relation between past and future." It can be written "only by those who find and accept a sense of direction in history itself."

What is the direction? There will be more losers than winners in detecting it, according to what historians think most important in their own society when they write. Mr Carr looks for his winning number in de Tocqueville, who wrote of men seeing "the gradual and progressive development of equality as at once the past and the future of their history"; and he applies this both to the deepening of change and choice in developed societies and, especially, to the widening of change and choice among what we nowadays call the underdeveloped. Change, he claims, is to too many historians and sociologists and politicians and economists "an object of fear." To him, in "a world in tumult and a world in travail," it is both fact and hope.

The argument of the pundits will, no doubt, wax hot over all the implications, some of them starkly contemporary, of Mr Carr's contentions. That is one reason why journalists as well as politicians should read this tendentious book. The other is that the taut reasoning, the felicity of illustration, the breadth of example and the sharpness of phrase make it plain that Mr Carr's withdrawal first to Oxford and then to Cambridge was, while scholarship's great gain, a real loss to the more public disputation in which for a time he engaged.

In and Out of Whitehall

Memoirs of a Public Servant

By Lord Salter.

Faber. 355 pages. 30s.

LORD SALTER signed the preface of his latest book on his eightieth birthday. It is the story, told with frank self-analysis and great charm, of a long and full life, which includes an unusual variety of occupations. Born and brought up in a riverside home in the middle of Oxford, he went up to the university with the help of a scholarship at Brasenose. There he duly achieved his double first and in 1904 passed high into the civil service.

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ILLUSTRATED PAMPHLET

FROM

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From the day of his entry into the service the story falls clearly into two parts. The first covers the span of his official career—at first as a member of the home service and in the decade following the first world war as an international civil servant. His entry into Whitehall was marked by an instructive—and amusing—little tragedy of errors, as a result of which Salter found himself in a small backwater of the Admiralty dealing with the chartering of civilian ships engaged in naval service. But this he found irksome and he was glad to escape and join the lively group of those who were busy drafting and subsequently launching Lloyd George's national health insurance scheme. But the wheel turned. When war came Salter was recalled to the humble Transport Department, which quickly grew into the Ministry of Shipping, with, by 1917, most of the world's ships on its great card index. Salter found himself at a pivotal point of the shipping and supply system and ended the war as chairman of the Allied Maritime Transport Executive. This was the first peak of his career.

After the war Salter was appointed Secretary-General of the Reparations Commission—an institution which the peace-makers of Paris hoped would smooth out some of the absurdities they had left unsettled. But its efforts were constantly overruled by a succession of governmental conferences that did not allow the commission to exercise any independent authority. So Salter, who had accepted the post rather unwillingly, resigned and rejoined the Secretariat in Geneva as head of the Economic and Finance Section of the League of Nations. It was in Geneva that he took charge of the various reconstruction schemes that brought first aid to the new states of impoverished Europe. He also organised the first world economic conference in 1927, which made a great effort to restrain the economic nationalism that was rampant in Europe. Salter's ten years of wrestling at Geneva with Europe's financial reconstruction were the second peak of his official career.

But in the end he was disillusioned here too. In his opinion the League had not got adequate powers and he was anxious to speak his mind. So in 1931 he resigned and resumed his freedom to take his part in public life.

In the subsequent thirty years Lord Salter has been author, journalist, don, Independent MP for Oxford University, junior minister, and for three years of the second world war head of the British Shipping Mission in Washington. He was Chancellor of the Duchy of Lancaster in the caretaker government, Conservative MP for Ormskirk 1951-53, and second minister to the Treasury. This second half of his life has been varied and colourful; but he does not conceal, rather he takes pride in, the fact that his years as an official have been those of his greatest achievements. It is they that have shaped his habits and his thinking, for his general outlook has remained more that of an official than that of a politician.

Lord Salter regrets that so little has been

written about the profession of civil servant, and he holds out hope that he may yet make a modest contribution to the science—or art—of administration. To such a debate the present book makes no pretence to be more than a background. But it has a theme of its own. Salter's story is designed to show that, properly used, there are ample opportunities for initiative, enterprise and achievement in both national and international service. For that reason his book will make a special appeal to the growing army of civil servants of all nations.

To the wider public it will be a peep behind the scenes—not merely of the how and the wherefore, but also of the actors themselves on and off the stage. Yet Salter has done something more than tell his story; for as the play has unrolled the reader realises that he has been given the details of a most interesting self-portrait in which, from a mixture of frank comment, ambition, disillusion and loyalty, there has emerged the idealism that has been the driving force of Lord Salter's long career.

True Patriot

The Beloved Land

By Vladimir Dedijer.

MacGibbon & Kee. 375 pages. 30s.

SIGNIFICANTLY, the two distinguished Yugoslavs who in recent years have published autobiographies have chosen to call their books after their country. Mr Djilas's description of his youth, published

some three years ago, was called "Land without Justice" and referred specifically to his native Montenegro. Mr Dedijer's book, in which he describes his life up to his visit to San Francisco in 1945 as a Yugoslav delegate to the inaugural meeting of the United Nations, is called "The Beloved Land." Both men have fallen out with Marshal Tito's government; Mr Djilas is in prison and Mr Dedijer is in exile in England. But it is a safe bet that if any of Yugoslavia's present rulers found time to write their autobiography, it would be filled with the same profound and dominating devotion to their native land as fills these two books. For the Yugoslav communists, their ideology is above all a means to make their country united, stable, prosperous and of consequence in the world.

Vladimir Dedijer was born and brought up in Belgrade. His mother, a woman of great character and a strong, even fanatic, feminist, came from Bosnia, and his father, who began life as a shepherd boy and became a distinguished academic, from Herzegovina. The description of the background of both his parents forms an illuminating and important part of Mr Dedijer's book. He himself, while still a very young man, became a star reporter and foreign correspondent of *Politika*, which although known as "The Times of Belgrade" was at that time an opposition paper whose staff had to show a great deal of ingenuity to circumvent the censorship. In 1937 the paper, under pressure from the government, which was then falling increasingly under

the influence of the Axis powers, sacked Mr Dedijer for his left wing views in general and some articles on Spain in particular.

From then until the outbreak of the war, Mr Dedijer became increasingly involved in opposition to the government and hence increasingly caught up in the activities of the illegal Communist party, whose members were the most determined and dynamic enemies of the regime. When the war came, it was a natural step to become a party member and join Tito's partisans. Mr Dedijer has already published his detailed war diary. His account of the partisan campaign in this book is impressionistic, rather disjointed, but often vivid and moving.

There is no political disputation in this book, no hint of the controversies that have now unhappily alienated Mr Dedijer from his former comrades. What emerges most clearly is his passionate concern that the South Slavs, who achieved political unity only in 1918, should learn to overcome completely the hatreds and discords that bitterly divided them during the long centuries of alien rule.

OTHER BOOKS

NEW FRONTIERS OF THE KENNEDY ADMINISTRATION. Public Affairs Press. 175 pages. \$3.75. This book makes available, for the first time, the texts of all the reports submitted to President Kennedy by his various task forces. Whether or not these reports are implemented, they illuminate the thinking of the intellectuals whom the President likes to consult on subjects ranging from space policy to cultural dilemmas.

HOME REPORT

Members of the editorial staff and local correspondents report on life and happenings in and around Britain.

The Exiles' Home

FROM OUR SPECIAL CORRESPONDENT

MIGRANT labour is an ugly word: exile is somehow a gracious one. In London, New York or Sydney the strong Irish myth of exile can still impel many a native-born son to song, but along Europe's most western seaboard it is a less attractive reality. The rocky parish of Cluain Cearban, fifteen miles by five between the end of the mountains and the sea in West Mayo, can now sustain only 2,200 souls, having (despite its high Roman Catholic birth rate) lost over 12 per cent of its people in the last thirty years. To England alone it has sent 12 doctors, 6 graduate engineers, 4 priests (there are 20 in America) and some 40 qualified nurses.

But the bulk of the uncounted emigrants wield the shovel or the mop and they are precisely the people who have most to fear from any attempt by Britain to restrict the flow of workers from overseas. If this outlet were cut off the outlook for the parish would be black indeed. In the past few years the region has welcomed electricity, the telephone, tarred roads and afforestation. The Irish government's scheme for converting peat into industrial fuel has foundered on rocks in the machines and high transport costs. There are rumours of an impending German holiday camp, and the first waterproofed English caravanners have faced the August gales.



In London (left) and Mayo



There are lavish government grants for house improvement and subsidies for drainage. But still the people leave.

With the railhead 20 miles off, and Dublin 160 miles from there, transport charges handicap any industry from the start: the profits from mountain sheep, wiry black cattle and virus-free potatoes can enable only the lucky and hard-working few to lift themselves on to a cash economy.

At least half of the 550 families in the parish receive regular remittances from abroad, which provide quite literally the jam on the subsistence bread. English or American money buys the old Ford, builds a bathroom or enables a child to stay on at school. The new barn or the tractor are bought from savings made overseas, where with the incentive of a cash wage these people are famous workers. People are the only export.

Except at holiday times there are not even enough young people to pay for a dance band in the village on Sunday evenings. There is no cinema, no other collective diversion for 20 miles. One long mountain valley sent 60 children to its school in 1900; now there are 16.

Perhaps half of the emigrants go to America—the next parish westward is Boston—and quota restrictions present no barrier to people so amply supplied with American cousins to act as sponsors. But from England home is at least accessible and work is easier to find. The days when teams of Irish left for the English harvest at the end of June and returned flush with cash and flushed with Guinness for Christmas are over; yet many of the jobs they do are in fact seasonal in sugarbeet factories, in hotels or on the

Lunch with the Board

FROM OUR SPECIAL CORRESPONDENT

BALANCING their lunches in plastic and cardboard boxes on their laps, five thousand directors sat suspended between Sir Roy Welensky's cry for a return to Victorian glory and Mr Macmillan's prayer for a peaceful—or at any rate, a non-warring—future for the world. The annual outing of the Institute of Directors on Wednesday had about it an air of unreality. It seemed as if the Royal Albert Hall were a blown-up flying machine, charting its course between Britain's imagined past and its feared-for future. A pair of smart hostesses saw to the needs of the superior directors in the three front rows, but there was, otherwise, equality.

Every man was given the same box, with a cold airliner lunch, nearer to first than tourist class. To get it right, flap A had to be tucked into slot A: at a casual count only about a fifth of the directors seemed able to follow the instructions printed on the label. The rest struggled with the flap as they struggled with their conversation, and with their fellow-directors who had made take-over bids for their seats during the pre-lunch drink. "Sir Roy was good, eh?" Most of them seemed to think so; he was given frequent applause during his hour's oration and if the intermittent "hear hears" from the front row came from the direction of Lord Salisbury, that was all to the good.

The chairman of ICI, Mr Paul Chambers, was for going into the common market, but against dumping; for a "sound non-inflationary budget," but against waste by national industries or subsidies to inefficient private industries; for a new tax system without the "jungle of complexities and gimmicks" that bedevilled it, but against spending money on "sentiment and political expediency" or penalising initiative and enterprise. It was not a very radical opening speech. It was well received. Sir Edwin Herbert asked: "Is Your

Board Really Necessary?" (capitals included), and attracted a great deal of bored-room coughing as he spoke up admirably for the principles of democracy—and "responsibility" in company practice. At the flying lunch, few of the sentimentally bald heads and red gin-and-tonic faces discussed his speech. What they liked was the "sound common sense" of Sir Roy.

FROM him they learned of the dangers created by communism's victories in Africa: these were the result of the tragic reversal of colonial policy undertaken by the colonial powers after the war. It was bad for the country, it was bad for all the peoples of Africa, it was bad for business.

In the federation they had long acknowledged that the days of white privilege were over; today "greater progress" is being made on the march to freedom in the Federation of Rhodesia and Nyasaland than anywhere else in Africa. Wiping his forehead with his handkerchief in a manner more characteristic of Mr Macleod, Sir Roy declared: "I am asking for a change of policy, a rededication to the proven ideals of the past." When he had finished, the applause lasted for a full 40 seconds.

Not as long, however, as the standing ovation given to Mr Macmillan when, lunch-boxes cleared away, he came in with a broad smile and apologised, as it were, because a funny thing was going to happen to him after he left the hall. The Prime Minister was a scream: four years ago, he said, he had addressed the institute as the head of a government that had just raised Bank rate to 7 per cent; made money scarce and expensive, and knocked a great block off the equity market. He had felt then, too, that he owed them an explanation.

This time's explanation turned out to be that there had been since 1948 a 120 per cent rise in income; only a 40 per cent rise



In the flying machine

in output; and a 50 per cent rise in prices. Even racing cars had to have brakes. The other big gag was about a foreign country where it "doesn't matter much to your corpse what they do with it when you're dead."

Seemingly answering criticisms made in Parliament on Monday, and certainly striking a chord in some directorial hearts, the Prime Minister said that economic advances could not be brought about by talk and persuasion alone. The Government must themselves take decisions. Apart from looking forward to a national wage policy, he did not announce any.

The Prime Minister left; so did many directors. The cardboard box lunches were explained by an institute man: "If you let them go out for lunch they never come back." Clicking their free ball-point pens (made in UK) the directors of Britain followed the funniest Prime Minister we've got into the murky afternoon, and the future.

Checking the Drift

Is regional planning ever going to get out of the doldrums? Dr Hill, the new Minister of Housing and Local Government, told the Commons on Monday that he had been studying the claims for wider conceptions in planning "with particular and peculiar care." He was prepared to concede that the existing local authority structure might not be ideally suited for some functions. But not a word escaped him to suggest that his would be the ministerial axe to thin out the tangled undergrowth. And ministers are likely to remain as coyly retiring until the Local Government Commission really bulldozes a clearing somewhere. Manchester, where there have always been some imaginative ideas on setting the government of the local conurbation to rights, is one place where the commissioners could still be educated in realities.

It happens that on Merseyside, next door to the south-east Lancashire conurbation, something has just stirred in a special issue of the *Town Planning Review*,* written very largely from Liverpool university. Its chief message has to do with the future of all the great northern conurbations which are now facing the major problem of their own rejuvenation and physical expansion (slum clearance and overspill) at a time when the general drift of industry and employment is increasingly into the west Midlands and south-east England.

The plight of the Unfavoured regions of the north and west which ever since 1914 (with some arrestation after 1945) have steadily been losing population to the Favoured regions is by no means new. Yet, if anything, it is likely to get worse. It is perfectly possible that, with the advent of entry into the common market, this population drift will increase, not only into London but also into the growing south coast complex.

Professor Myles Wright offers three stimulating, if not equally acceptable, suggestions to meet the present drift, on the basis that the north should properly hold more of its population to the particular relief of London and Birmingham, which are each bursting at the seams. What is attractive about his analysis is that it need not cause the jarring interference in economic development, involving the arbitrary relocation of reluctant industry into every dying town, that most Labour planners from the north and west seem to hanker after.

His first contention is that the major effort to stop the migration should be in and around the Scottish and northern conurbations themselves, where skills and services already exist and where there is a substantial drawing power attracting population from the local hinterlands. This is entirely sensible, although in a particularly cramped area like the Clyde valley there is a case for thinking (as the Scottish Office is

doing) of a completely new start for a modern industrial complex in the Bathgate-Livingston area further east. Merseyside, too, may have to come to this in the end.

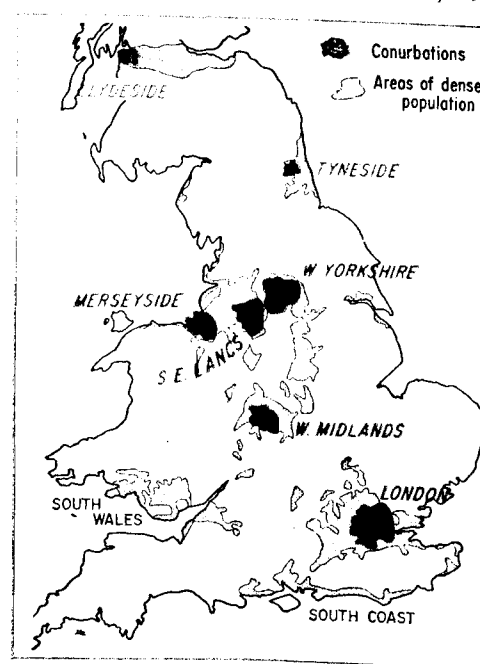
Jobs are only part of the equation for rescue. It is the degeneration of the conurbations, their physical dilapidation and sense of non-enterprise, that is helping to drive away the more energetic and socially ambitious, despite the migrants' local loyalties and despite the higher cost of living (especially of housing) that offsets better rates of pay in London and the Midlands. Regeneration must first be internal: without it the task of getting new industry from outside will always be hard.

PROFESSOR WRIGHT'S second point is that planning for the best use of land should be concentrated within 20 miles of these provincial conurbations. One would have preferred him to have gone wider, for the modern urban region in the age of private transport is a much larger entity. He wants to see development commissioners for each peripheral zone to estimate overspill, find sites for development and map out a communications framework. Presumably from despair at the prospect of effective local government reform he does not go into how the commissioners' proposals would work out in practice among disputing authorities. But this has to be tackled, and the Government, with large regional projects like the Tyne and Mersey tunnels to underwrite, should realise that it has plenty of opportunities to knock some thick parochial heads together.

The third proposal is that private enterprise should be closely connected with the development and house building schemes in these peripheral zones, and that (most important) it should be given sites extensive enough to encourage the rationalisation of building for the maximum in speed and economy. These plans must, of course, be complemented by the reconstruction of the city centres with proper services for the surrounding region—another reason for ensuring that the suburban areas are brought into the plan as a whole.

This kind of expansion probably means the end of the green belt in the rigidly constricting sense (the green "girdle") that we know now. This is not necessarily a disaster, provided the alternative still gives sufficient open space for amenity and, in fact, produces the proper satellite planning that was notably lacking in the period before the green belts were conjured up expressly to stop reckless urban sprawl. The geographical conditions around each conurbation are sufficiently dissimilar for there to be no standard solution to the best use of their space. The real need is to get people to think in a regional context about their own problems. Dr Hill should be putting his shoulder behind every administrative push in this direction.

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Separate Sundays

THE local option polls taken in the 17 counties and county boroughs of Wales, to decide whether pubs should open on Sundays or not, have had the expected results: the four county boroughs and the heavily populated and industrialised counties of the south and far north have decided to drink when they feel like it; and rural north west and mid-Wales have stuck to the "traditional" Welsh Sunday. Some counties did not run true to form: Brecon and Radnor are wet, Denbigh and Cardigan-shire dry. The balance is slightly in favour of the openers, who led in 10 polls. In their strongholds the poll was generally marked by apathy (but Carmarthen scraped together 61 per cent of its voters). In the areas carried by the closers the polls were high (in Merioneth it was 65 per cent). This proves something, perhaps that while you may take a drinker to a petition, you cannot make him vote; or that the influence of nonconformism, where it exists, is not to be sneered at.

The effects of having two more or less distinct Waleses on Sundays will probably be no more stirring than the conduct of the polls; but among them may be considerable migrations of thirsty and deprived Welshmen from dry to wet areas, thereby realising the fear of the closers that the Sabbath roads would be full of drinking drivers. There will be rage mixed with triumph in the chapels, calm acceptance in the Anglican church, gloom in the headquarters of Plaid Cymru and disappointment among the openers. But they can all take heart; it will all happen again in seven years' time. The new Scottish bill will not give the "drys" the same opportunity.

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AMERICAN SURVEY

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

A Year on the New Frontier

I—BUSY CRITICS

WASHINGTON, DC

A YEAR ago, just after the election, when asked what Americans expected of their new President, someone tartly answered "too much." This is being proved right. There were fears then that the power behind the rocking-chair might turn out to be the Pope. Now some Americans almost seem to wish it were, for their discovery that Mr Kennedy is no more infallible than any of his thirty predecessors is causing them dismay and chagrin. The "new frontier" a year later looks to many people suspiciously like the same old frontier. Mr Kennedy's penchant for placing Republicans in high posts and low—for instance, Mr McNamara as Secretary of Defence and Mr Foster in charge of disarmament—has caused some blunt-minded Democrats to call his "the third Eisenhower Administration." Last month a soured critic from the other end of the political spectrum told the President to his face that instead of being a man on a horse he has turned out to be a man riding a child's tricycle. Weightier accusers like Mr James Reston of the *New York Times* charge that the President is not providing the people with enough guidance and is failing to command public opinion.

This month Mr Kennedy and members of his cabinet are taking up the latter challenge. They are fanning out across America, from Seattle to Saint Louis and from San Francisco to New York, to tell people what the Administration is doing and to find out how people feel about them. They will engage in all-day verbal grapplings with state and local officials and representatives of civic groups and the public is cordially invited to attend the soul-searching seminars. Mr Kennedy hitherto has operated on the rather aloof theory that the way to get things done smoothly is to work out carefully devised political compromises with his fellow professionals of the powerful committees of the House of Representatives and the Senate, freely employing the tool of patronage whenever necessary. Also now being refurbished are some of Mr Eisenhower's methods of administration, of which the frontiersmen made considerable hay when they first entered the White House. Last week it was announced that the President, who began by by-passing his cabinet and the National Security Council, will meet them henceforth on alternate Thursdays. It was Mark Twain who drew attention to the fact that the laughable ways of one's elders become surprisingly less risible as one grows up.

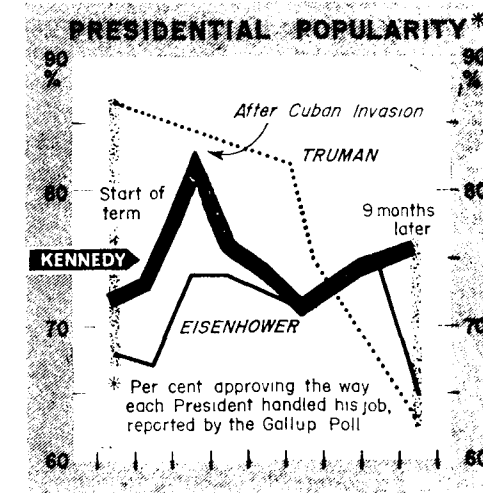
Mr Kennedy began his Presidency by putting the White House on speaking terms with poets, playwrights and other eggheads. Though at first the shock was great, there is now fairly widespread understanding that this is good for American prestige. But the new frontiersmen also laid their busy axes to Mr Eisenhower's cherished chains of command. Persons were admitted and papers ascended to Mr Eisenhower's tidy office in an orderly and dignified fashion,

through channels. This meant that Mr Eisenhower took decisions but did not help to make them, and had no way of knowing about possible alternatives that failed to reach his desk through his human screens and filters, especially on foreign policy. (Some critics of the Eisenhower regime put it more pithily, saying that the late Mr Dulles was his own President).

Mr Kennedy largely replaced this system by picking up a telephone to summon people whose views he wanted to hear and by taking an active part in decision-making and energetically pursuing his own and others' ideas up and down the rapidly rising and falling graphs of White House enthusiasms and deflations. But the Kennedy method of impromptu conversations, quick-fire suggestions, task forces and crash programmes has been under fire from winded civil servants and critics who openly doubt if it really makes for clear decisions—or even decisions. Mr Kennedy, as well as holding regular cabinet meetings, has now decided to see fewer people.

In the twelve months that have passed since his narrow victory over Mr Nixon, Mr Kennedy has suffered various serious frustrations. He finds himself deeply engaged in what is basically an old-fashioned armaments race, whose only novel features are that it involves a fight for control of the moon and a threat of race suicide as a by-product. This is hardly all that he had in mind when he first set his ambition on the Presidency. He and Mr McNamara have succeeded to some extent in curbing the military men whose massive five-sided headquarters in Washington, the Pentagon, is enormous enough to swallow the House of Representatives and the Senate five times over. Mr Eisenhower also knew all about that problem and before he laid down the burden of office specifically drew attention to the combination of the Pentagon and the munitions interests that employ hundreds of retired generals and have more power than was ever dreamed of by Andrew Undershaft, Bernard Shaw's merchant of death. Pressure from the Pentagon—and the arms plants and the trade unions—caused Congress to thrust several hundred million dollars into Mr Kennedy's reluctant hand for unwanted bombers, just as it did into Mr Eisenhower's; like his predecessor, the President is declining to spend it.

But at the same time as it gave him money for arms and the moon, Congress frustrated Mr Kennedy's request for federal aid to education, so that children by the hundred thousand will continue to learn their lessons in double and triple shifts in hallways and basements, in the richest country in the world. The successful passing of the most important housing legislation since 1949 opened up a prospect of a decent home for every family in America; but people are told to build their own fall-out shelters. The President's foreign aid programme had a qualified success with Congress, and if there is no retreat from its commitments almost as much will be spent on development loans



* Land Use in an Urban Environment. 35s.

in the next five years as on taking shots at the moon.

Mr Kennedy is a politician of over fifteen years' experience and he has accepted his setbacks and his hard-won modest victories with philosophical calm. But even his coolness seems to jar on some critics, who scold him for failing to show "a sense of Churchillian exuberance in adversity," though the secret of his continuing personal popularity with a great many people is their belief that in a crisis his blood pressure soars to normal. Others grumble that Mr Kennedy's score to date is scarcely worth all the tumult and upset that the new frontiersmen are alleged to have introduced into an American political scene whose torpor was for them its chief charm.

After nearly ten months of his Administration there is still widespread perplexity among the conventionally minded over whether Mr Kennedy is a liberal who has been slowed up by his fellow Americans' conservatism, or a conservative who is driving a liberal bandwagon with the brakes on. It seems probable that the President—and with him a growing number of young Americans—is as untouched by such labels as he and they would be by disputes between Big and Little Enders. They are a new breed, and old slogans leave them cold (many who fought the old battles find a curious coldness in them about most things the older generation held dear). But whatever it is they want to do—and quite likely this is not at all clear even to themselves—their room for even tactical manoeuvre seems to be fearfully limited. Even if it is assumed that approximately half the voters are willing to go forward slowly with Mr Kennedy, to whatever his goals are, the other half show indications of trying to find refuge from a troubled present in reviving or reliving a simpler—and simplified—past.

It is to those voters that Mr Eisenhower appeals when he denounces the Peace Corps as a juvenile experiment whose members would be better employed on the moon, "which is also an underdeveloped country," and when he attacks increased social security benefits as "fiscal irresponsibility." Mr Kennedy seems inclined to stake his future on his belief that Americans are now sophisticated enough to prefer even unpalatable reality to such bumbings. But he is unlikely to shed his habitual caution or try to rush things. He knows that in 1962 Republicans hope to gain even more seats in the House of Representatives than they did last year and that their chances of doing so look good. Some of Mr Kennedy's supporters, who feel that the President could have shown more political courage in Congress this year, argue that the way to "buck the trend" is for him to play a bolder hand next session. For example, they would like him to try to get a much broader trade policy through Congress despite anticipatory howls of outrage from protectionists. Mr Kennedy has not yet made up his mind.

He is young enough to have time for the waiting game. The new frontier is essentially an adventure in new ideas. Building an integrated Atlantic community may prove a more revolutionary project than landing on the moon. These ideas still have to sink in. Some, indeed, still await proper formulation. It is a vast educative process that Mr Kennedy, after nearly ten months in office, finds himself willy-nilly about to embark upon.

II—WHISPER FROM THE GRASS ROOTS

SCATTERED elections in an off-year do not add up to a national referendum, but the Democrats' jubilation over this week's victories is, from the party's point of view, fully justified. They had feared the loss of a congressional seat in Texas, the loss of a Governor's mansion in New Jersey and the deep slashing of a Mayor's majority in New York. Instead, the Republicans were defeated in all these places. It is too much to interpret these results either as amounting to a resounding affirmation of popular faith in the President, or as a crushing blow for his opponents. At

most, they demonstrate that he is somewhat stronger and they are somewhat weaker than was thought. But there is nothing like winning elections for a party's morale.

Beyond that, it is difficult to relate the three results to each other, except by stating that each was a special case. Mr Mitchell seems to have been beaten in New Jersey as much by ill-luck as by bad management. He broke his leg before the campaign was well started and was immobilised for months while Mr Hughes, his lesser-known opponent, ranged indefatigably up and down the state. This advantage, Mr Mitchell's refusal to meet him in public debate, the death of his father, which may have earned him a sympathetic vote, Mr Kennedy's last-minute personal appearance, perhaps even popular satisfaction with the past eight years of Democratic rule, explain Mr Hughes's victory. In New York, Mr Wagner lost some strength to a dissident Democratic candidate, but won comfortably, in spite of an increased Republican vote and in spite of the efforts of Governor Rockefeller and General Eisenhower. As Mr Mitchell also benefited from the support of these two, it is easy to see why their prestige, and the prestige of their moderate wing of the Republican party, have been slightly damaged.

Among those quick to draw this conclusion was Senator Goldwater, leader of the Republican right, who has said that liberal Republicans can "almost never" win. But his own wing's drawing powers are also open to doubt as a result of the Texas election, where a liberal Democrat beat a right wing Republican by a comfortable margin. This was the only straight fight between conservatism and liberalism. Mr Gonzalez, the victor, was helped by his Mexican blood in a city (San Antonio) with a very large Mexican-American population. But there is a stubborn suspicion in Republican circles that he was also helped by the fact that, as a Democrat, he will be in a good position to bring in the federal funds on which the city depends. "You just can't beat Santa Claus" said one politician. This could prove true of more places than Texas next year.

III—CRITICAL BUSINESS

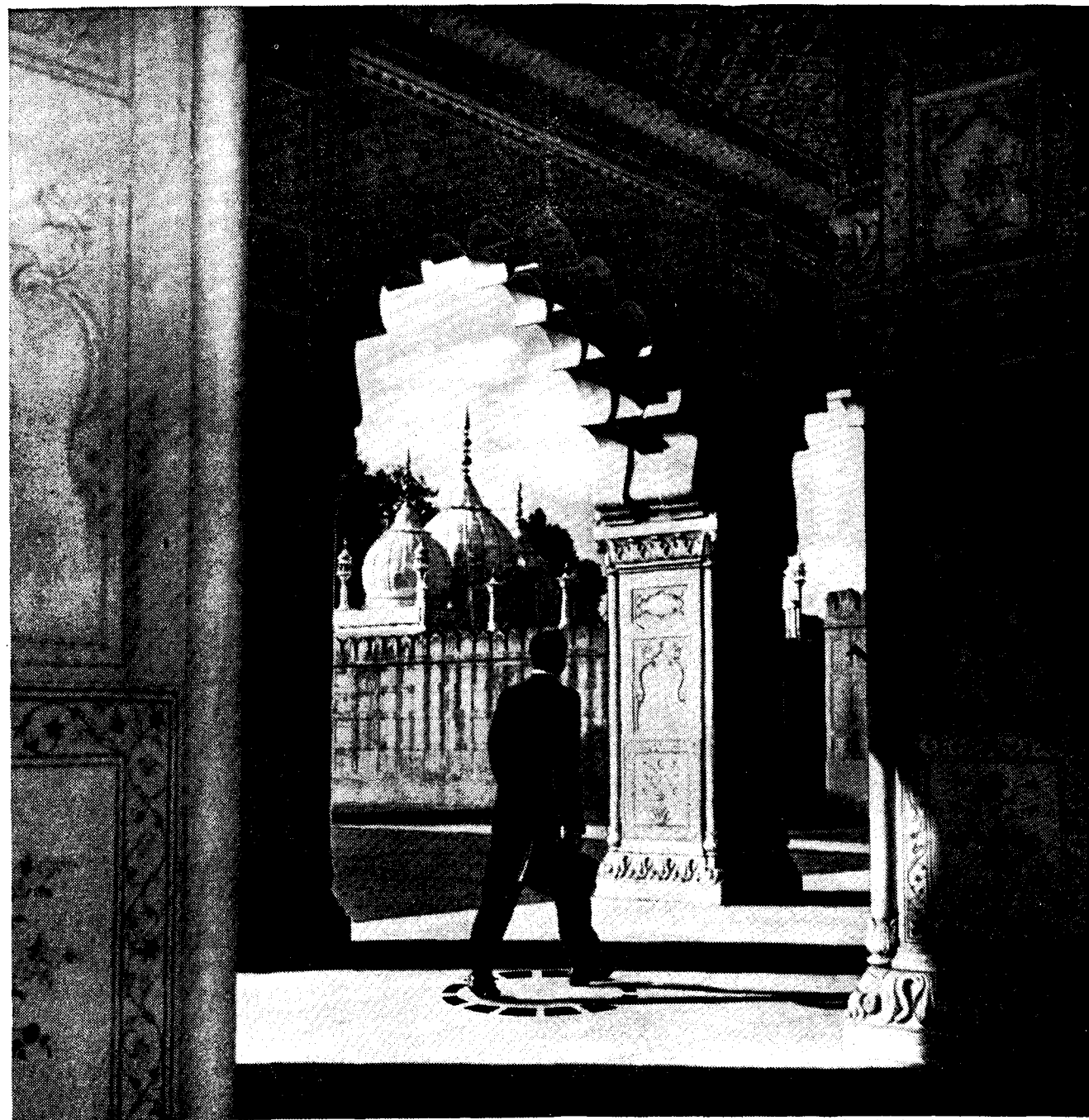
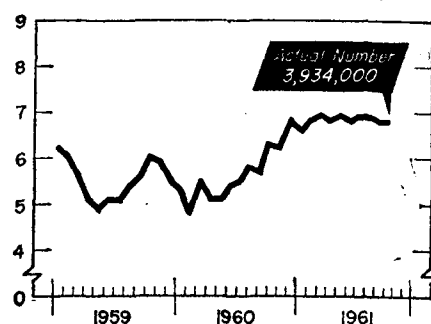
WASHINGTON, DC

POLITICALLY and internationally President Kennedy may have failed to make his mark so far, but economically he seems to have come up to expectations. America's relations with Russia, and indeed with the rest of the world, may have deteriorated since he took office and Congress may have refused to co-operate with him, but at least the recession is over at home and the balance of America's payments abroad has improved. But in fact even these successes are superficial and temporary. Nearly seven per cent of the labour force is still as obstinately unemployed as it was a year ago, and America's reserves of gold are now threatened once again. The problem of how to encourage economic growth domestically without undermining confidence in the dollar internationally has become a semi-permanent one.

By next summer the excesses of industrial capacity and of skilled labour in the economy which prevent the current deficit in the federal budget from being inflationary will have been absorbed.

But almost certainly there will still be some five per cent or so of the work force unemployed, the hard core of the unskilled who have really no place in the labour market today. Even the growth enthusiasts at the President's Council of Economic Advisers admit that these people will not find jobs unless the economic pressure

UNEMPLOYMENT
(as a percentage of the labour force)



Photographed at New Delhi's historic Red Fort, built in 1639

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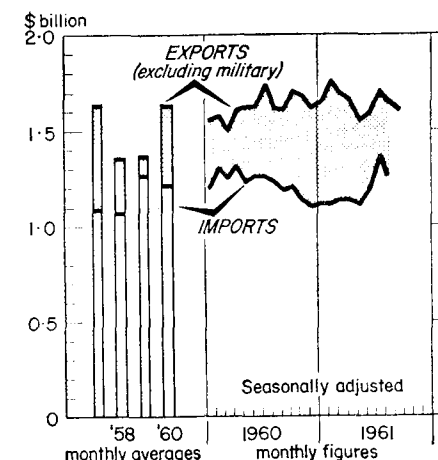
builds up to inflationary levels—but sustained unemployment at a rate of five per cent of the labour force is not an easy proposition to defend politically.

Yet over at the Treasury those in charge are already aware that the combination of higher interest rates in Europe than in New York with the foreign bankers' tendency to think that any deficit in inflationary is drawing money away from the United States at a rate which is disturbing. It is particularly so at a time when prosperity has brought a rise in imports and international tension one in military spending overseas; the surplus on America's trading account is being eroded just as calls on it are growing. The Treasury's answer to this situation would be higher interest rates and a really effective curtailment of government spending, were it not that either or both might check the economic recovery. So far, at least, the Treasury has had to make do with increasingly firm statements from the President that the budget will be balanced next year.

But European businessmen are disinclined to believe that he really means this and their lack of conviction is encouraged by the American colleagues with whom they have such frequent contact nowadays. The Administration has been making special efforts to please business in recent weeks, with meetings all over the country being attended by speakers from the highest levels of government, notably by Mr Dillon, the Republican Wall Street banker who is Secretary of the Treasury. But to many other Wall Street bankers Mr Dillon is suspect because of the high premium which he puts on the foreign aid programme while to Republicans in other parts of the country he is suspect because he is a Wall Street banker.

Businessmen certainly welcome the tax concessions which the Treasury has just offered them to encourage industrial expansion, but these are not enough to make them forget that the Treasury also wants to withdraw tax allowances for entertainment expenses. Nor has it lessened their annoyance at the constant harassment of the inquiries from the anti-trust division of the Department of Justice and from the various regulatory agencies, looking for evidence of illegal practices, particularly of price-fixing. These inquiries have been stepped up, according to businessmen, since the new Administration came in largely, they believe, because with Democratic officials at the top the zeal of subordinates is no longer held in check as it was under the Republicans, although the Republicans showed no lack of zeal in anti-trust prosecutions.

BUSINESSMEN assert that by these and other types of interference in their concerns the Administration is trying to control prices indirectly since it has no power to do so directly. Special resentment was caused by the President's peremptory request to the steel companies not to raise their charges to their customers when wages went up in October, a request based on what to the industry seemed very dubious calculations of how much constitutes a fair profit. It did not in fact put up its prices, for reasons of its own, and is now waiting to see if the President keeps his promise to deal equally firmly with the steel trade union when it demands another increase in wages next year. Businessmen do not believe that he will, for they feel that no Democratic Administration can



afford to offend labour and they say that they detect a new assertiveness in trade unions even though so far the Administration has been careful not to favour labour.

Underlying all this is a certain sense of guilt by association—few people deny that there was justification for both the charges of price-fixing against the electrical equipment companies earlier this year and for the current investigation of the stock exchanges—and a conviction that, however, conciliatory the present Administration may try to be towards businessmen, it will never sympathise with them as its predecessor did. The President, hard as he may try, has little in common with businessmen and his brother, the Attorney General, is antipathetic to them. They do not trust either the Secretary of the Treasury or the Secretary of Commerce to fight hard for them or against inflation, although they have more faith in the chairman of the Federal Reserve Board and the Under Secretary of the Treasury. The President's other economic advisers are all professors and bright young intellectuals who respect and admire businessmen even less than businessmen respect and admire them.

In fact, businessmen are probably receiving more consideration in Washington at present than they have under any previous Democratic Administration. Here again President Kennedy is clinging cautiously to the middle of the road instead of pushing on to the new frontier as his liberal critics would like. And here, perhaps more than anywhere else, he is probably wise to do so, given the peculiar nature of the economic dilemma with which he, unlike any of his predecessors, is faced.

Timing the Trade Battle

THE opening shots have now been fired in the battle to determine whether the United States is to liberalise its trading policies in step with Europe. Two reports to the subcommittee of the Congressional Joint Economic Committee which is to hold hearings next month—that of Mr Herter and Mr Clayton and that of Congressman Reuss—actually go far beyond Mr Ball, the Under Secretary of State for Economic Affairs, who is the Administration's spokesman, by advocating a free-world-wide common market. Indeed at his press conference this week the President said candidly that it will be two or three weeks before the Administration decides whether to beard Congress at its coming session, or wait until 1963, though his own feeling is that "the time to begin is now."

With the expiry of the Reciprocal Trade Agreements Act next June, there is much to be said for moving forward without a pause to take up the new challenges and opportunities provided by the common market and Britain's probable entry into it. Simply to extend this worn-out Act for another year would leave the President with virtually no effective powers to negotiate lower tariffs and would invite new protectionist amendments. Simply to let it die would be to haul down the symbol of freer trade with which the United States has become identified for nearly thirty years. Whether the President needs new negotiating powers immediately is open to more argument. He said himself this week that the full significance of the common market for the United States would not be apparent until 1963 or 1964, but many of his officials think that the power to negotiate is essential if America is to influence the course of the common market in the next year or two.

The decisive question is whether the Administration can be more certain of success by waiting until 1963. An election year like 1962, when every member of the House and a third of those in the Senate is particularly vulnerable to pressure from his constituents, is a far from ideal time to debate sweeping reductions in tariffs. But with the rise in protectionist feeling, the Congress elected next year may be even more hostile than the present one. A more important consideration is how quickly the Administration

can educate the average American (and through him Congress) in the dangers of restriction and the immense benefits—political as well as economic—of freer trade in the free world.

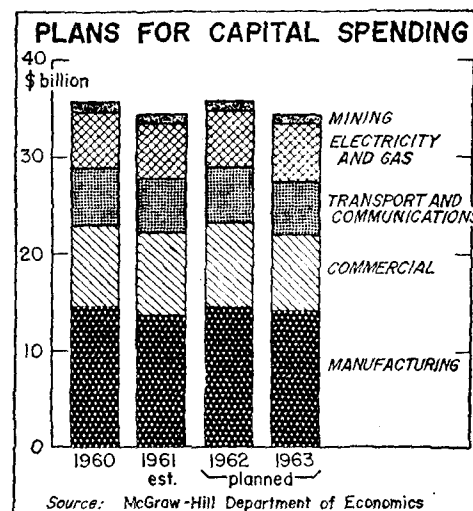
Mr Ball marshalled the arguments convincingly for a sophisticated audience (the National Foreign Trade Convention) when he underlined the importance of the power to make broad bargains with Europe, which accounts for a third of America's trade, both on behalf of the United States and of the underdeveloped countries; when he pointed to the risk that without tariff reductions American firms might feel forced to export employment by setting up even more plants inside the common market; and when he emphasised that the way could be opened to a tremendous increase even in America's high living standards. The Administration's view that the main burden of the structural changes needed should be borne by industry and that only in exceptional cases should government help be provided will be less palatable. It can be argued that it is already too late to put this in terms the common man can understand in time for action in 1962. But it can be argued even more convincingly that a whole-hearted fight for a big cause—with every ounce of the President's determination committed to it—may be the best schooling of all and the best foundation for a victory in 1963 if this eludes the Administration next year.

Little Fuel for a Boom

NEW YORK

HOPES for a boom in business activities are not supported by the latest McGraw-Hill survey of industry's preliminary plans for capital spending in 1962. American business expects to increase its investment in plant and equipment by 4 per cent over this year's level and, while the total would be second only to the record achieved in 1957, this is not a big enough rise to assure a rapid and vigorous expansion. Normally businessmen tend to underestimate both increases and reductions in their capital expenditures so it is possible that better consumer demand, rising profits and more liberal tax provisions on depreciation of equipment may raise spending above the preliminary estimate. But the survey, which was taken in October, makes it clear that American industry is still plagued by over-capacity and that corporations are reluctant to add to their plant until they feel certain of increased demand.

The survey indicates that businessmen are hoping for a 7 per cent rise in their physical volume of sales next year, but as they are now operating at an average of 81 per cent of capacity they have considerable leeway before their present plant will be under strain. Though output is rising industrial production continues below the rate at which corporations enjoy maximum profits and profits are a big factor in the decision to make new outlays. To better their competitive position businessmen are evidently counting on tighter control over present costs as much as on fresh outlays for cost-cutting equipment. Moreover, the price of plant and equipment does not seem likely to rise much so the incentive to buy before prices go higher is lacking.



The hesitancy of most corporations is not shared by those which are doing well or expect to do better soon. Manufacturers who account for about forty per cent of total corporate investment report that they will increase their spending by 7 per cent compared with the overall average of 4 per cent. The steel industry, for example, will be increasing spending by 15 per cent. On the other hand, electrical machinery and chemical firms are planning to decrease their outlays partly because they have been maintaining a very high level of investment and partly because of excessive capacity. This sort of rational planning may be a blessing in disguise; if present plans for 1962 fall below boom proportions, they hardly imply a retreat. Furthermore, the survey notes that preliminary plans for 1963 are already close to the projected 1962 level, which indicates that corporate investment should be a sustaining force if not a stimulant.

Schooling the South

FROM A CORRESPONDENT IN VIRGINIA

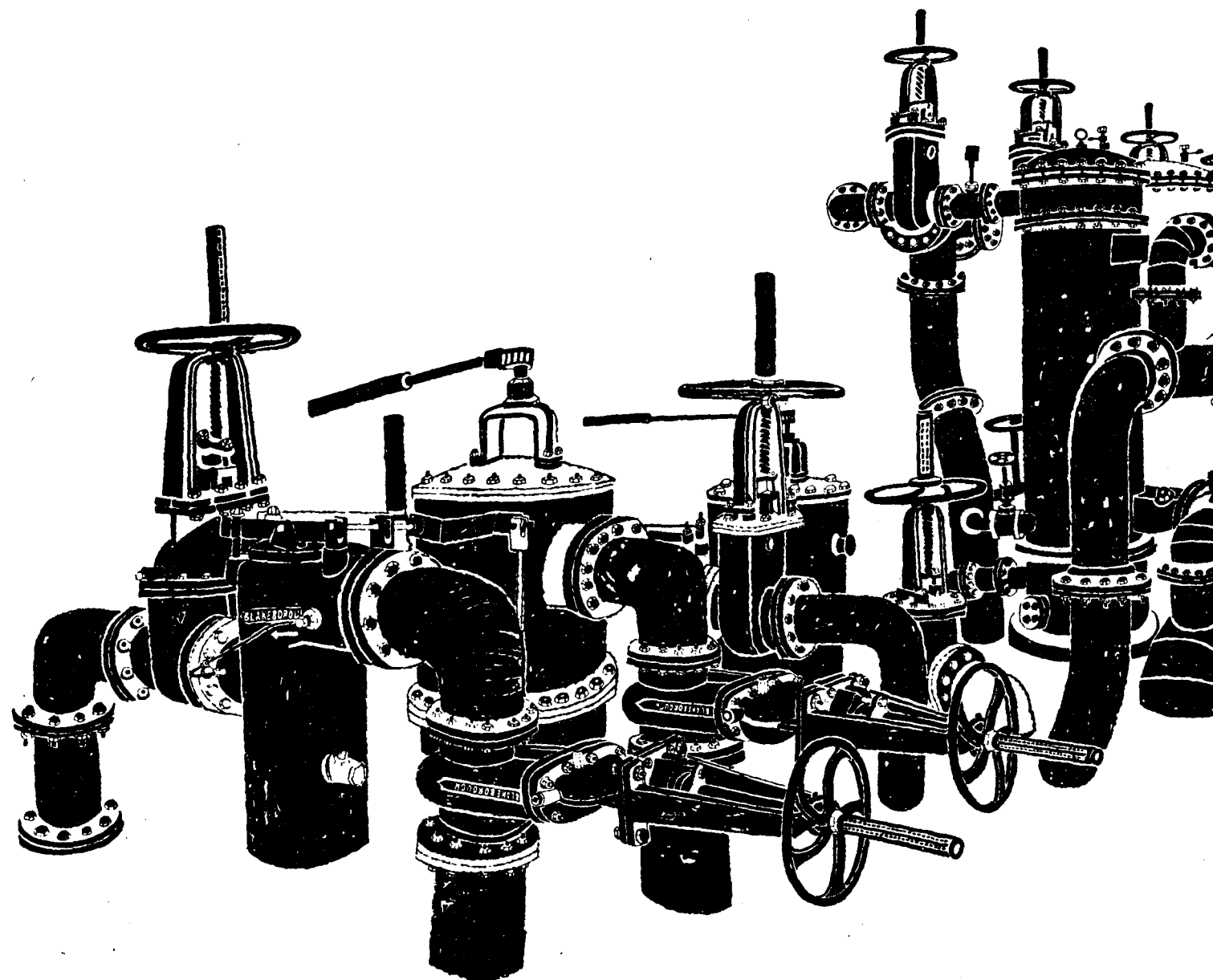
IN recent years the difficulties connected with imposing racial desegregation on schools in the South have obscured a larger question: is the education available to young Southerners in general good enough to fit them for life in the United States in the latter half of the twentieth century? The South contains a third of the population of the United States, but at present its colleges and universities are granting only a quarter of the bachelor's degrees and only 12 per cent of the doctorates being earned in the country as a whole. In 1950 more than a fifth of the population in six southern states was nearly illiterate and ten of the eleven states in which about half the population had had only an elementary education were in the South. The non-South is spending 60 per cent more for each pupil than is the much poorer South.

The South's poverty aggravates its problem in another way: the prospect of earning more money—and more recognition—in other parts of the country has long been drawing able people out of the region. For instance, though teachers' salaries have been going up faster in the South than elsewhere, they are still far below the national level. The State of California, which pays its teachers the highest salaries in the country, raids the South regularly; teachers in its elementary schools earn an average of \$6,175 a year compared with \$4,925 in Florida and its high school teachers average \$6,950 as against Georgia's \$3,868.

Yet to set against these rather dismal examples there is hopeful evidence of a growing appreciation of the desirability of education and of a new concern for its quality. Many state universities in the South have been tightening up their entrance requirements, which used to be lower than in other states. The three states with the highest proportional increase in expenditure a pupil for public education between 1950 and 1960 were southern and in all three the increase was over 100 per cent; in Mississippi, with the lowest income a head in the country, it was 142.9 per cent and seven of the twelve southern states did better than the national average in this respect. These increases, moreover, came at a time when the number of pupils was rising rapidly.

Some of the ways in which these new funds have been raised have been devised to call public attention to the desirability of more education as well as to bring in more dollars. West Virginia's up-to-date medical centre at Morgantown represents the conversion of "cokes" into clinics; its cost of \$32 million was financed by a tax of one cent on every soft drink sold in the state. For a decade North Carolina's farmers have paid a "Nickels for Know-How" levy of five cents a ton on the feed and fertiliser they buy; the proceeds go to the State Agricultural College.

Recently certain educational facilities in the South have been



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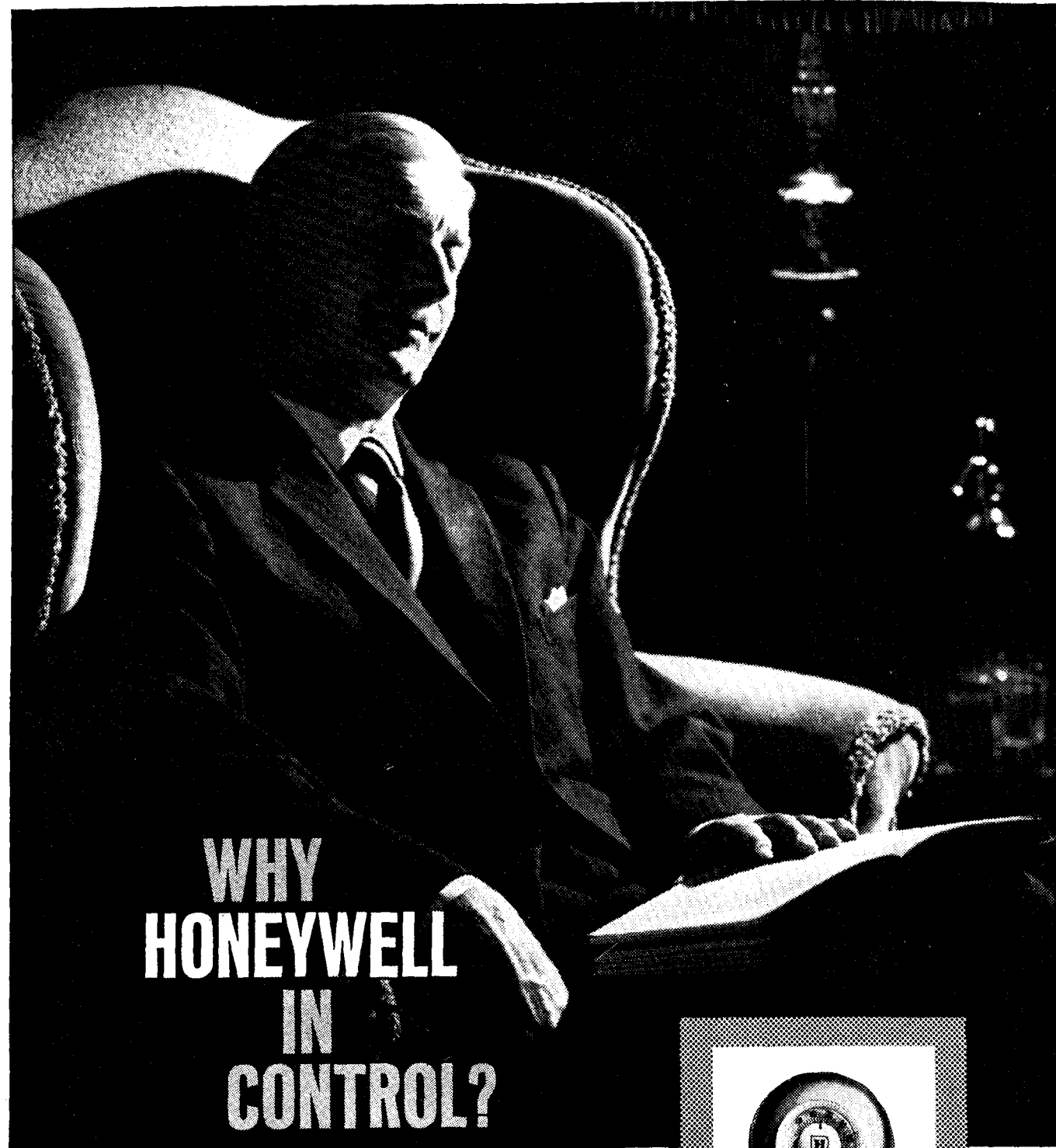
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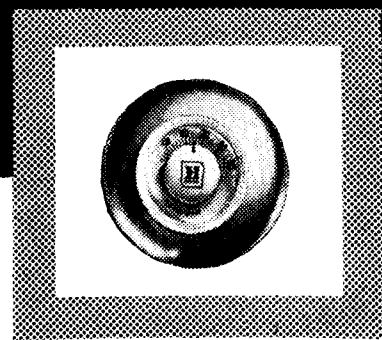
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treated as a regional whole to their great advantage. Training in engineering is being expanded co-operatively at the University of Florida, Georgia Institute of Technology, North Carolina State College and the University of Texas as a result of a grant from the Ford Foundation. The Oak Ridge Institute of Nuclear Studies links southern institutions and thus facilitates concerted specialisation in this field. The broadest and most official pooling of resources occurred in 1949 when the legislatures of sixteen states, from Delaware and West Virginia to Oklahoma, established the Southern Regional Education Board. This helps the states to make

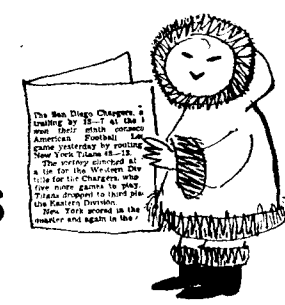
combined use of their funds and works to create a public atmosphere favourable to greater expenditure and greater attainment. At the end of last year the board set up a special and authoritative Commission on Goals for Higher Education, which is to report shortly on how to

provide a wider range of opportunities for the increasing student enrolments and at the same time achieve excellence and competence that will enable its graduates to contribute to the expansion of a better and more abundant society.

Some groups which have been active in inducing southern



National Newspapers



NEW YORK
THE United States, doing things in a big way as usual, is to have three new national newspapers within the year, at a time when the newspaper business is supposed to be in a bad way and in a country which is supposed to have only local newspapers. The first of the new publications, the only one which has actually appeared and the one with the most ambitious title, *World*, is the one thought least likely to succeed. This "compact national newspaper," published weekly in Washington, at 15 cents a copy, by a middle western millionaire with no newspaper experience, is a shoddy affair with no advertising and no leaders. It claims to be non-political, but its editor is a known conservative and it may appeal more than the experts allow for to the reactionary groups which are gaining strength all over the country.

They are particularly strong in the West and this may make difficulties for the liberal and internationally-minded *New York Times* when in the second half of next year it turns itself in practice into the national newspaper which it has long been in fact, by printing a west coast edition in Los Angeles—to the annoyance of San Franciscans. But commercial printing capacity is available in Los Angeles as are facilities for distributing the paper by air to all major centres west of the Rocky Mountains, and possibly to Alaska and Hawaii, on the day of issue. Distribution will be mainly by postal subscription although the paper will also be available on news-stands. The price will be 10 cents which is the normal charge both for the *Times* outside the New York area and for Californian papers.

In this operation time, running three hours behind New York on the west coast, is on the publisher's side as it is not in the case of the European edition of the paper.

For this reason and because production and distribution will be easier in Los Angeles than in Paris, the new paper should be more successful financially than the European one has been. Both are being printed by linotype set by electronic signals transmitted from New York. The west coast edition will be substantially larger than the European one and will carry everything that appears in New York except for matters of purely local interest. Advertisements will be accepted for both editions or for either. There will be no special coverage of western news and no open attempt to compete directly with western papers—but the *New York Times* news service will no longer be available to them.

The decision to print on the west coast was largely the result of the spontaneous and unprecedented demand from the region after publication in Europe was begun last year. But the west coast edition, like the European, will not appear on Sunday. The *Sunday Times* is especially popular in distant parts of the country; its circulation is twice as large as that of the weekday paper but so is its content without counting its special sections. Quite apart from the virtual impossibility of printing so much on the west coast there are no facilities for postal distribution on Sundays. Here, however, the gap may be filled eventually by the third new national newspaper, the *Wall Street Journal's*, or rather the Dow Jones company's, *National Observer*, to appear from February on Sundays only.

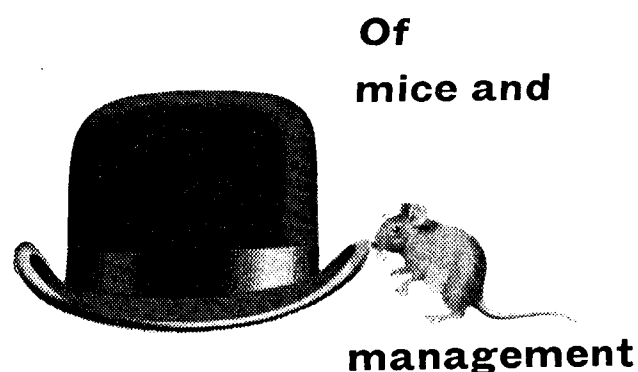
BUT for the present the *National Observer* is to be printed in Washington and will therefore be available on the day of issue only to the 40 million people, nearly a quarter of the population,

who live on or near the east coast. They will be able to get the new paper by home delivery or from news-stands, probably for 25 cents a copy; elsewhere in the country distribution will be by post, at \$9 a year for advance subscribers, and even without airmail the paper will arrive earlier in the week than do the weekly news magazines which are considered to be its main competitors. The Washington plant can handle up to 200,000 copies but the hope is naturally that demand will grow enough to justify printing at the *Journal's* six—soon to be seven—other plants all across the country, the evidence of its own success as a national newspaper in the last decade. This would enable the Sunday paper to be delivered almost everywhere on the day of issue.

Washington was chosen to begin the operation rather than New York because it is an easier place in which to live and work, because modern communications mean that today a paper can be edited almost anywhere and because Washington is the source of most of the background information in which the *National Observer* is to specialise. It will carry a certain amount of late Saturday news but it will contain mainly interpretative articles covering all aspects of national and international life, including sport and culture, not just the business and industrial topics on which the *Wall Street Journal* concentrates. It will have a separate staff.

There will be plenty of pictures and other illustrations in the paper, which will have a maximum of 32 pages and no special sections, a relief to Americans who feel overburdened on the day of rest. The effect will be something like the British *Sunday Telegraph* and the editors insist that in so far as they had any British model at all it was this paper, and not, as has been reported, the *Sunday Times* or the *Observer*.

The aim is to produce a paper for the general public to read at home, as opposed to one for the specialist to read in his office, which is what the *Wall Street Journal* is intended to be although its appeal has spread far beyond that. In its narrower field the *Journal* already does on weekdays what the *National Observer* hopes to do on Sundays; it brings the news that people need to know to them in a way that enables them to understand it and to enjoy it.



'The best laid plans of mice and men . . .'

For 'men' read 'management'—and consider how often even the most minutely planned commercial or industrial operation can go astray—not because of any fault or failure on the part of management, but because of the sheer complexity of commercial and industrial organization today. Making the very most of resources in labour, money, time, plant and materials is an essential part of management's job—but with so many interacting variables the human mind is sometimes baffled. Can such problems be solved? The answer is: They can, quickly and relatively cheaply, by the technique of *Linear Programming* aided by a high-speed electronic computer. How does the system work?

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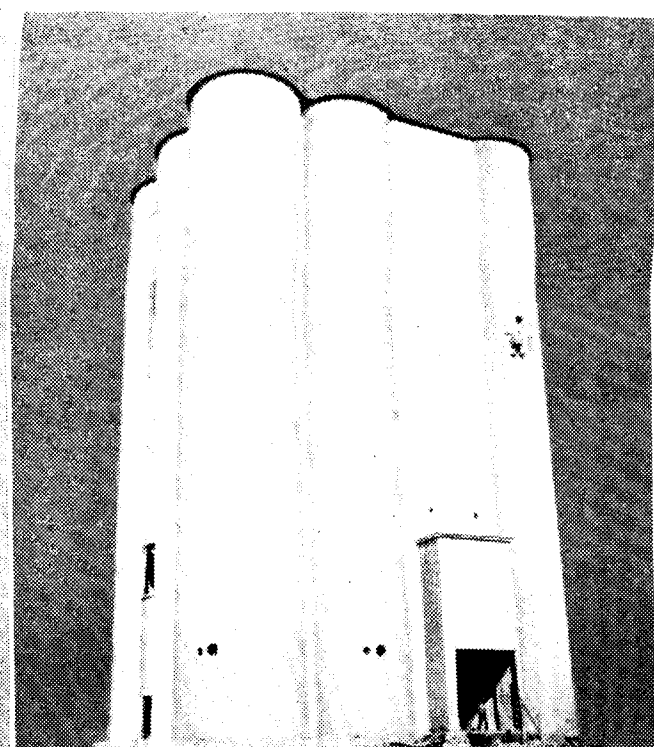
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communities to accept Negro children in white schools are now turning their attention to improving the cultural background of those children so that they will not pull down the standards of the schools when they enter them. Another result of the low incomes and lack of educational interest among many parents in the South, whether white or coloured, is that the region probably contains more than its share of the many gifted children in the country who are not able to develop their potentialities to the full. To remedy this, experimental classes for superior students have recently been established in all high schools in Atlanta, and in Florida and Texan colleges have started summer "Step Ahead" programmes for promising high school students. In a parallel effort educational television is being used increasingly to spread the coverage of specially gifted teachers; seventeen—almost half—of the country's educational TV stations are in the South, the country's first state-wide ETV network was in Alabama and at Austin, Texas, ETV has been used for all laboratory courses in chemistry for the past two years.

As the numbers of students grow and adult education becomes more widespread the need for classroom and laboratory space is leading to year-round and round-the-clock use of existing buildings. With this in view, air-conditioning is increasingly common in newly built facilities in the Deep South. Shortages of space are also causing a trend towards community colleges, especially two-year "junior colleges," which students can attend while living at home, at less cost to themselves and to the institution concerned, since capital outlays for providing bed and board are no longer needed.

SOUTHERN education is certainly being stimulated by new ideas. But equality with the rest of the country is still a long way off. A recent study of persons who take PhD degrees showed marked weaknesses in the South: in New England, the rate of those taking such degrees was 11.23 out of every thousand graduates from high school; in the East-South-Central states, 2.84. The difference was greatest in the physical and life sciences—the fields which, over the country as a whole, are favoured by the very top students; the South's relative showing was better in the arts and humanities (after all, it produces disproportionate numbers of America's best writers) and was best in education.

But perhaps the most striking result of the study was its demonstration of the extent to which the size of the high school is a limiting factor on post-graduate achievement. And of the fourteen states in which 90 per cent or more of the high schools are too small for adequate education, six are in the South. Moreover, by 1970, the region will need 50,000 new college teachers, yet it is not expected to produce more than 15,000 PhDs during that time. Inadequate training among new additions to college and university staff was already marked in the nineteen-fifties.

Undoubtedly the South is catching up with the rest of the country educationally as it is economically. But is it catching up fast enough? Or will its economic growth, its transition from an agricultural to an industrial way of life, continue to be hampered by deficiencies in its educational system and in the training of its people, children and adults alike?

Beer for Proserpine

STUNG, perhaps, by the secretary's defiant cry in "Candida," "I'm a beer teetotaller, not a champagne teetotaller," the brewers of America have applied themselves to ways of luring Prossy into their fold. Those who share her scruples can now drink a beverage called Fox Brew, which has a head of foam and contains everything except alcohol—its ingredients are malted barleys, maize, brewers' yeast, seedless hops and wheat germ. It even tastes something like beer—the light, frothy, lagerish beers

that Americans prefer. According to the manufacturing company it is meant to compete with soft rather than with alcoholic drinks, and it has only 70 calories to the 12 ounce can. If Prossy is worried about her figure it is hard to see how she can resist this bowl which cheers but neither inebriates nor fattens; she may, of course, still prefer champagne.

Some women, no doubt, will be immune to the lure of a sinless tippie. For them Piel's, a New York brewery, has invented a slimming beer called Trommers Red Letter. It was first put on sale in early September, and has apparently been selling nicely. It is, admittedly, slightly less alcoholic than other beers, but as it is also two-thirds less fattening, with fewer than 100 calories to the can, the brewers probably feel they are on to a good thing, since 35 per cent of the population is reported to be worried about its weight. They have launched it with an advertising campaign costing more than \$1 million a year. Piel's enterprise has provoked sour comments from rival firms, who dislike anything that associates the idea of fatness with beer, however negatively.

But the ire caused by Trommers was as nothing to the annoyance provoked by something called Instant Beer, which has been developed by the Union Carbide Company in co-operation with the Miller Brewing Company, one of the top ten brewers in the United States.

It is made by dehydrating beer to a quarter of its liquid bulk for convenience in shipping and storing. Before sale it is "reconstituted" by the addition of the right amounts of water and carbon dioxide. It is alleged to be indistinguishable from the conventional types of beer, and could be a boon to big companies who would like to sell their products throughout the country. By the same token it is a threat to the small local brewers at a time when consumption of beer a head is dropping, although more people are buying the drink. At present federal regulations forbid the sale of beer concentrate, so the sponsors of the new processes are lobbying for a revision of the law. The hearing was due to open this week.

SHORTER NOTES

At his press conference this week Mr Kennedy was delighted to announce that General Eisenhower had accepted the post of first chairman of a new private "people to people" organisation designed to further contacts between Americans and other peoples. This is work in which Mr Eisenhower has always been interested and for which he has great talent. But Mr Kennedy's pleasure may have been heightened by the fact that General Eisenhower's new task will give him less time and inclination for partisan politics.

The Department of Justice won a notable victory for Negro rights recently. It persuaded a federal court of appeal to issue a temporary order restraining Mississippi from prosecuting Mr John Hardy, a leader in the drive to enable Negroes to vote in the state. Mr Hardy was charged with breach of the peace after he had been hit over the head by a white registrar of votes. If the Department of Justice can prove that the prosecution was part of an effort to frighten Negroes from voting, the order is likely to be made permanent. Usually federal courts never interfere in state criminal proceedings.



Production under way 2 months before completion!

One of the fastest construction projects ever carried out on Merseyside, this new £3½ million Fisher & Ludlow factory, was built by Cubitts on a 50-acre site at Kirkby. Just 15 months from initial planning to completion—with sections of the factory being made available for machinery installation as they were finished! This allowed Fisher & Ludlow to start production of domestic appliances two months before completion of the factory.

Speedy construction was made possible only by precise planning and exact timing of every building operation: and 100% co-operation between the client, architect, Cubitts and their 40 sub-contractors. At regular meetings they devised methods of streamlining operations using the most modern equipment, thus keeping construction time to a minimum and ironing out problems as they arose. This close collaboration resulted in the 17 bays of the main production building being erected in 17 weeks—half the normal time!



Mr. Philip Wyatt, Managing Director of Holland & Hannen and Cubitts (North West) Limited, says: "One of the most important industrial projects on Merseyside, the Fisher & Ludlow factory required a construction team able to build at speed with close attention to economy and quality. Detailed planning and co-operation at all stages between client, architect and contractor has led to early completion of this project. It demonstrates the advantages of working closely together with an efficient construction team."



Mr. J. R. Stanfield, Works Director of Fisher & Ludlow Ltd., Birmingham, says: "Teamwork has been the essential factor that has ensured the completion of this vast undertaking within the time scheduled for occupation. Large areas of the factory are devoted to specialized process plants involving complicated foundation work and numerous underfloor services. Only the closest of co-operation throughout between architects, contractors and our own planning and engineering departments has enabled construction to proceed without interruption."

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THE WORLD OVERSEAS

The Khrushchev Interlude

STALIN'S vacant place in the mausoleum and the monument that is to be erected to honour his victims will be permanent reminders of the 22nd Soviet party congress. Symbolically, they will mark the end of an era, although in fact iconoclasts were at work in Moscow as far back as March, 1953, the month of Stalin's death. Mr Khrushchev—who had organised Stalin's funeral—delivered his indictment of the dead Russian leader less than three years later. What he then said in secret session, and more, has now been proclaimed from the congress platform. It has been publicly admitted that, under Stalin, Russia went through a reign of terror. Each speech that recalled the crimes of the Stalin era included a promise that in future the five o'clock knock would always be the milkman's. "Never again" was the congress's refrain and its chief message for the Soviet people.

The traumatic effect of Stalin's posthumous fall should not be underestimated. For the Russians Stalin was not only a symbol of blood, tears and fear. Millions were taught that all their achievements were due to this "Leader of Genius." In this nightmare adoration was mingled with horror, and the awakening has consequently been all the more painful. Even Mr Khrushchev's "secret" version, although watered down by the time it reached the ordinary party member, was enough to shake the world communist movement to its very foundations in 1956. Today Communists, not only in Russia, must be better prepared for the ostentatious revelation of Stalin's crimes. All the same it is bound to stir up fresh ferment in the communist world. Last week, the real debate over Stalin did not take place in the congress hall, but outside among ordinary Russians putting forward their different and often contradictory views. It was, almost certainly, only a foretaste of things to come. When a myth is destroyed, the disillusioned are forced to think for themselves.

Stalinism, however, was not only the Byzantine cult of the Georgian leader; it was a system of government, in which the omnipotent ruler held all the reins of command and in which the tiniest voice of dissent had to be punished. The 22nd congress shows both the progress made since Stalin's time and the limits of that progress. With the exception of the aged marshal Voroshilov, all the members of the "anti-party group" have apparently stuck to their views. Mr Molotov, in particular, had tried to express them in *Kommunist* and, on the eve of the congress, criticised the party programme in a letter to members of the central committee. Yet the heretics apparently remain untouched. The process of expelling them from the party, which starts in their own party cells, will only now begin. This is a long way from the inquisitorial trials of the nineteen-thirties.

On the other hand, the views of the opposition (or oppositions) are only known to the public through the distorting mirror of the accusation. None of the culprits has been allowed to give his own reasons for disagreeing with Mr Khrushchev's conduct of foreign policy, his managerial reform or his drive to conquer the virgin lands. Still less have they been allowed to reply to accusations of complicity in Stalin's crimes with a *tu quoque*. It would have been easy to turn the tables on Mr Khrushchev, even without delving into the archives of the NKVD. The following is an extract



Lenin without Stalin

from his speech at the 18th congress, in 1938, in a debate that Stalin opened by taking a cynical pride in the extermination of all his opponents (including Marshal Tukhachevsky):

Every citizen of our Soviet land is clear in his mind that our success, our victory in defeating the fascist agents—all these despicable trotskyists, bukharinists and bourgeois nationalists—we owe above all to the personal effort of our great leader, comrade Stalin. . . . Long live the towering genius of all humanity, the teacher and guide who is leading us victoriously to communism, our beloved comrade Stalin.

Mr Khrushchev looks strange in the censor's mantle. And his embarrassing posture may explain part of his conduct. Aware of the need for change, sufficiently adroit to swim with the popular anti-stalinist trend, Mr Khrushchev is trying, in the intervals between his spectacular interventions, to slow down the process that he himself has helped to accelerate. For years he has tried to limit the list of Stalin's crimes to the executions of faithful stalinists. Now, in order to tarnish his rivals, he has gone back to 1934 and raised the Kirov affair. Henceforward it will be increasingly difficult to ignore the Moscow trials of 1936-38, when Stalin's ideological opponents from the Bolshevik old guard stood in the dock. It will be increasingly difficult, too, for Mr Khrushchev to appear on the side of the angels; again, last week, he contrasted his own generosity with the stalinist methods that the "anti-party group" would have used in case of victory. Yet, his own victory, in that June of 1957, had something odd about it, the "arithmetical" majority of the heretics in the presidium having been turned into a unanimous vote against them in the central committee. Mr Khrushchev's magnanimity did not, of course, extend to a free debate in which the whole party would decide which side was right.

On this fundamental question it was idle to seek an answer in the new party statutes. Mr Kozlov, who as second secretary now seems to be confirmed as the heir-apparent, introduced the new rules to the congress and had plenty of democratic gimmicks in his bag. But he also added that the party would not be drawn "into sterile discussion at the whim of some muddle-headed or immature people, in which individual anti-party elements could undertake actions leading to the subversion of party unity"; this was his negative answer to the question whether any dissenting

activity should be allowed within the party. Where no "dissenting activity" is allowed, elections are merely a confirmation of the establishment.

In fact, the congress did not produce any spectacular changes at the very top. Mr Khrushchev had thoroughly renewed the party presidium after his victory in 1957. The only new full member is Gennadi Voronov, who has risen rapidly to the top; he is a firm supporter of Mr Khrushchev's agricultural policy. The four



Mr Kozlov: heir presumptive

who are downgraded are not remnants of Stalin's old guard. The secretariat is, once again, increased from five to nine people and will probably have a closer control over day-to-day work. The inclusion in it of the former Comintern official, Mr B. N. Ponomarev, in addition to the veteran Mr Kuusinen, is a sign of the importance attached to relations with other Communist parties. Finally, the ranks of the central committee have been swollen to include 175 full members and 155 candidates. Here the turnover is bigger, but the gaps to be filled were largely caused by Mr Khrushchev's recent purges for political and agricultural offences. The central committee may, one day, become the party's parliament. For the time being its members are not elected on any platform, but chosen by Mr Khrushchev, or through a compromise among the leaders.

Hopes for Russia's political awakening are based on the changing structure of Soviet society. Most Russian leaders agree on that, even if they differ about the best method and pace of change. They did not wait for Mr Khrushchev to introduce reforms before making it

clear that they wanted them; and his political skill has been demonstrated by the way in which he has appeared to the public as the champion of the new, fighting against the upholders of the old, order. The image is only partly true. There are indications that Mr Khrushchev was often prompted into action by more zealous reformers and then tried to apply the brakes. He may now try to do so again. But having been told about the sins of its former infallible ruler, the Russian people is likely henceforth to watch more critically the actions of its present leaders. It is aware of the relationship between the government's policies and the people's own comfort. And increasingly the word comfort is being used not only in its narrow material sense. In keeping with an old tradition, the writers, and the intelligentsia as a whole, are the most articulate spokesmen for popular aspirations.

To maintain his position, Mr Khrushchev will have to rely increasingly on popular support. Khrushchevism, too, to use the marxist diagnosis, contains the seeds of its own destruction. How this will come about will depend on a combination of factors, in which diplomatic successes will not be the least important. The immediate effects of the tensions in the communist world are unpredictable, but the general direction is towards a revival of politics. Stalin, through his spectacular fall, will posthumously contribute to this awakening.

Makeshift Government

FROM OUR BONN CORRESPONDENT

DR ADENAUER entered the last lap of his long run as Federal Chancellor on Tuesday evening. His party colleagues clapped respectfully, but with little warmth, when the president of the Bundestag announced the result of the secret ballot. Dr Adenauer had cleared the hurdle of 250 votes out of 499 with eight to spare. Most of the Free Democrats looked as though they did not quite know what to do with their hands. Herr Mende went on writing, or pretending to write. But later he joined the group gathering round the Chancellor to congratulate him. Dr Adenauer stood in their middle—as old, upright and impassive as the hills.

That Dr Adenauer's fourth term of office will not last the full four years of the legislative period is stipulated—unconstitutionally, some are saying—in the written coalition agreement on the strength of which the Free Democrats reluctantly undertook to help the Christian Democrats re-elect him. The precise timing of his exit has been left to Dr Adenauer himself. His colleagues anticipate that he will choose to go later rather than sooner—probably in the summer of 1963. Yet perhaps, after all, the Chancellor may weary before then. He will be 86 in January, and the unfamiliar obstruction and growing impatience with which he is now bound to be confronted can also be expected to take some of the spring out of his step.

Dr Adenauer's list of ministers has yet to be submitted to the Bundestag, but its salient features were fixed during the coalition negotiations. The Free Democrats have secured five of the eighteen federal ministries—those of the interior, finance (or possibly justice), federal assets, refugees and either a new-fangled ministry for development aid, or one other yet to be determined. They have insisted further that one or another of these five ministers shall have the right to scrutinise the uses of the mounting secret budget for "promoting goodwill" for the Federal Republic at home and abroad. (This budget, whose allocations out of approximately a million pounds annually are known in full to the Chancellor alone, has come to be affectionately known to the uninitiated as the *Reptilienfonds*.)

Even more vexatiously for Dr Adenauer and the constitutional puritans, the Free Democrats have engineered a standing Bundestag coalition committee in which they, with only 67 seats in the

SOVIET LEADERSHIP

March 1953 (After Stalin's death)	October 1961 (Before Congress)	November 1961 (After Congress)
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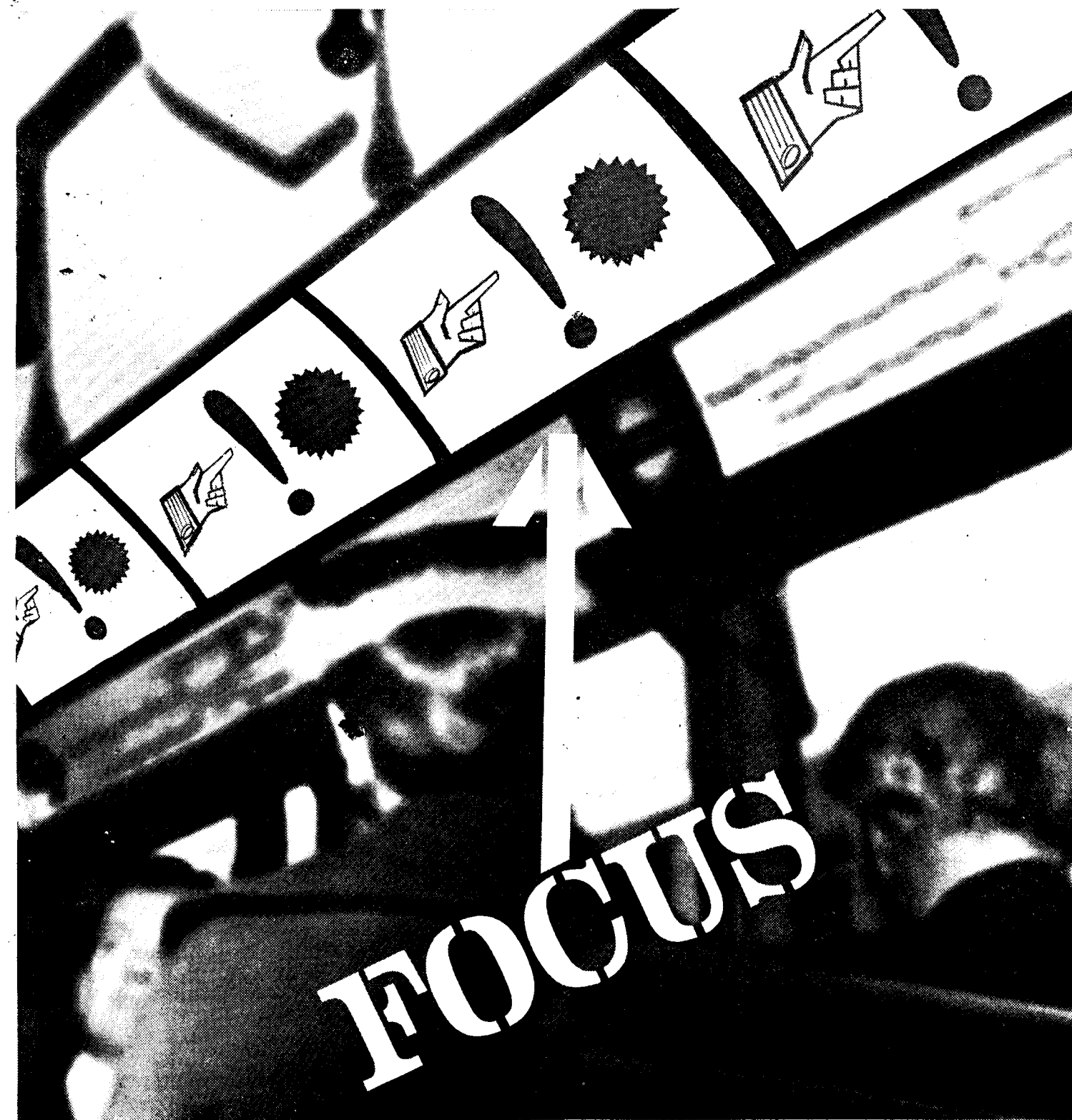
PARTY PRESIDIUUM (full members)

Malenkov	Khrushchev	Khrushchev
Beria	Aristov	Brezhnev
Molotov	Brezhnev	Kosygin
Voroshilov	Furtseva	Kozlov
Khrushchev	N. G. Ignatov	Kuusinen
Bulganin	Kosygin	Mikoyan
Kaganovich	Kozlov	Podgorny
Mikoyan	Kuusinen	Polyansky
Saburov	Mikoyan	Shvernik
Pervukhin	Mukhitdinov	Suslov
	Podgorny	Voronov
	Polyansky	
	Shvernik	
	Suslov	
	Voroshilov	

SECRETARIAT

*Malenkov	Khrushchev	Khrushchev
Khrushchev	Kozlov	Kozlov
S. D. Ignatyev	Kuusinen	Demichev
Suslov	Mukhitdinov	Ilyichev
Pospelov	Suslov	Kuusinen
Shatalin		Ponomarev
		Shelepin
		Spiridonov
		Suslov

* Resigned on March 14th.



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79W 324

Bundestag, will enjoy equal representation with the Christian Democrats, who have 241 seats. The committee's chief business, it is laid down, will be to discuss proposed government legislation before it reaches the cabinet. The committee, which is due to meet on the first working day of every week while the Bundestag is sitting, will be composed of the chairmen of the two coalition parliamentary parties, their deputies and the two chief whips. The two chairmen will have the right to attend cabinet meetings. And so Herr Mende, who has ruled himself out of a ministerial post for the time being through having protested too much that he would never serve under Dr Adenauer, will be as good as in the cabinet all the same. In addition to all these potentially troublesome intruders, Dr Adenauer will be having to cope with many restive spirits in his own camp. Not for the first time, he has publicly slighted several highly placed Christian Democrats in the course of his self-absorbed coalition making—most notably the important trio Erhard, Brentano, Gerstenmaier. And the thought of his pending retirement must naturally set ambitious juniors scheming according to their various hopes.

DR ADENAUER will now be putting the finishing touches to his cabinet list, and preparing to set off to see President Kennedy in Washington on November 20th or thereabouts. There is not much of importance left to be done, for the salient appointments were allotted in the coalition negotiations. Herr von Brentano's successor at the foreign ministry is to be Herr Gerhard Schröder, 51, hitherto minister of the interior, who left the law for politics soon after the war. One of Dr Adenauer's most loyal, ambitious and at the same time contented ministers, Herr Schröder can be counted upon to work with conviction along the lines of foreign policy laid down by the Chancellor. As the coalition agreement states them, these are to be directed in general to the maintenance of peace, the reunification of Germany and the strengthening of the Federal Republic's ties with the West—in that order. It is further stated, in particular, that Dr Adenauer's new government will continue to press for closer political consultation and military integration within the North Atlantic Treaty Organisation—on the understanding that the Bundeswehr shall have access to "all the modern weapons, including modern means of delivery," together with an equal voice with the European Nato partners in the control of the warheads.

With a streak of anglophile in him ever since he read law at Edinburgh University in the nineteen-thirties, Herr Schröder can be relied upon also to implement as best he can the new government's declared intention of encouraging Britain to come into the European common market. The Berlin Christian Democrats have misgivings about Herr Schröder because he opposed the holding of the presidential election in Berlin in 1959, disputed the Berlin deputies' right to vote on that occasion and is alleged to have remarked that the West could not hold Berlin in the long run. But if for no other reason than that of his own future prospects, Herr Schröder is not likely to show any sign of wishing to deviate from the new government's solemnly proclaimed repudiations. These include not only any weakening of west Berlin's political and economic ties with the Federal Republic, but also any form whatever—"technical contacts" apart—of recognition of the east German regime, or any frontier settlement before the conclusion of a peace treaty with all Germany. That does not mean that Herr Schröder believes such developments are wholly avoidable.

Herr Erhard continues his long wait as vice-chancellor and economics minister. His patience in the face of Dr Adenauer's repeated slights is admirable. Yet it is losing him place in the rough and tumble of the struggle for the highest office. Herr Erhard has been doing his utmost this week to prevent the coalition spawning a new ministry for development aid that would poach

to some extent on the economic ministry's preserves. But on Thursday it looked as though he was losing this particular battle. Herr Erhard's prospects of cutting a more powerful figure in German politics seem to be waning. Professor Carlo Schmid, one of the Social Democrats' leading minds, has observed that the trend is towards a coalition that will be headed eventually by Herr Strauss, the defence minister, with Herr Mende in support. Herr Strauss is expected to take part in the coming Kennedy-Adenauer talks in Washington.

The five new ministers likely to be drawn from the Free Democrats are scarcely known to the public at large. Dr Wolfgang Stammberger, who is expected to succeed Herr Schröder at the ministry of the interior, has been chairman of the health committee of the Bundestag. A passionate local patriot, he says that his real ambition is to be elected chief burgomaster of Coburg in two years' time. His departure from Bonn in 1963 would coincide, on present form, with Dr Adenauer's; thus he would make way for Herr Mende, then free of his present inhibition, at the ministry of the interior. Dr Heinz Starke, who is provisionally earmarked for the ministry of finance now that Herr Etzel is retiring on grounds of health, is a Munich lawyer and an administrative force at the Bayreuth chamber of commerce. He has played an active part in the European organisations at Luxembourg and Strasbourg. Herr Starke will be working closely at times with Herr Hans Lenz, who is to be the new minister for federal assets in place of Herr Wilhelmi, a Christian Democrat. Herr Wolfgang Mischnik, 40, a lanky refugee from east Germany, is taking over the ministry of refugees—not wholly to the satisfaction of the refugees' organisations, which would rather see in this job an "expellee" from one of the lost territories than a voluntary fugitive from Saxony.

According to the consensus of opinion among political fanciers, Dr Adenauer's coalition government is likely to be weak. The two parties concerned are not only inordinately suspicious of each other, they are also each impaired internally by conflicting motives and ambitions. The opposition Social Democrats are happily sharpening their knives in expectation of some fun at last. But domestic noises outside the Bundestag are probably troubling the coalition leaders rather more. Several trade unions—among them the million-strong engineering union—are responding to the rising cost of living by threatening not to renew their present wage agreements. The drying up of the stream of east German refugee labour since August 13th puts the unions in a strong position. A severe bout of industrial strife, combined with the unrelenting pressure from the east, could soon put Dr Adenauer's makeshift regime under strain.

Mr Fleming and the Market Monster

FROM OUR OTTAWA CORRESPONDENT

THE squat, earnest figure of Mr Donald Fleming is not of the type you would expect to find at the centre of a cliff-hanging serial of suspense and adventure. Yet his term of office as Canadian minister of finance continues to provide one thrilling instalment after another. In contrast to the summer assault on Mr James Coyne, then governor of the Bank of Canada, which was played with almost as much violence and villainy as a story by Mickey Spillane, the new autumn volume has a parlour setting more appropriate for Lord Peter Wimsey or, say, Miss Silver. The threads are more complex, the weapons more subtle; and the dénouement will turn on a clash of motives which puts this in the class of "psychological thrillers."

Mr Fleming's antagonist this time is not a solitary bank governor fighting out in the open, but the cloaked, anonymous, many-faced monster known throughout the underworld by the dreaded name of "the Market." To be fair to the monster, its ways were peaceable until Mr Fleming himself challenged it to battle in his June budget when he announced his determination to reduce the exchange value of the Canadian dollar by use of his official exchange fund. The blow appeared at first to have had the decisive effect of David's slingshots at Goliath. The Canadian dollar, thoroughly weakened by the fight between Mr Fleming and Mr Coyne (recounted in an earlier volume), dropped by mid-July to a discount of three per cent on the US dollar and stayed there right through September. The market monster appeared to have submitted to Donald Fleming, Canada's intrepid David of finance.

But the monster's meekness turned out a sham. Early in October it struck back. In vain Mr Fleming hurled million after million of dollar pebbles in the face of the speculators who were resolved to buy Canadian dollars. Towards the end of the month he ran out of millions and had to run to the brook for more. In the last week of October the Canadian government borrowed \$45 million from the Bank of Canada. During the month Mr Fleming poured \$186 million into the exchange fund to buy American dollars, just enough to enable him to hold his own. The discount was kept down to three per cent.

It was the first time Mr Fleming had resorted to the hard weapon of dollar millions instead of the soft weapon of quiet talk; and as dusk fell over the battlefield in the closing days of October he saved the day by returning to psychological warfare. His intelligence staff, busy as always identifying the enemy's forces, told him that the October assault came primarily from Canadians who had been keeping their foreign currency earnings abroad until they were sure they could not get a better price in Canadian dollars. They had concluded, said the intelligence officers of the Bank of Canada, that the lasting three per cent discount was what Mr Fleming wanted and that the exchange rate was henceforward more likely to go up than down. So they rushed in to buy Canadian dollars.

ON this advice, in the closing days of the month, Mr Fleming issued at last a clear statement that the market monster was all wrong. The government still wanted the dollar to go down rather than up. The intelligence officers and psychological warriors were quickly vindicated. Mr Fleming's statement had more effect than all his millions, and last week the discount widened by more than a quarter of a point without official intervention.

The first round of the fight went to David. But the result of the next round has still to be seen, and the conditions are bound to be different. Mr Fleming has exposed his heavy dependence on psychological weapons, at the same time as he has revealed the limited supply of pebbles to back them up. When his cash deficit for the year is already known to be at least \$1,000 million, he cannot go on hurling nearly \$200 million a month against the market monster. His only hope of defeating it is an appeal to its self-interest. This, of course, was always so. Self-interest was what had kept the monster shamming dead throughout August and September. The difference now is that the fact is openly exposed.

The policy of Mr Fleming's June budget depended on two promises: a lower exchange rate and lower interest rates. The first now depends entirely on the second. The spread between Canadian and American rates has already been narrowed enough to stop the Canadian provincial governments from offering new issues in New York, but not enough to stop some foreign buying of Canadian issues. If Mr Fleming can reduce the interest differential, or the exchange rate, or both, enough to discourage any inflow of foreign funds, he will have the market monster prostrate.

Theoretically it could be calculated just what spread of interest rates is needed in combination with a given exchange rate. But in practice, no mathematical calculation can subdue the monster; everything depends on his frame of mind. Mr Fleming is out of the Mickey Spillane book. His new thriller is strictly psychological.

Pyramid in the Fog

BY OUR MIDDLE EAST CORRESPONDENT

HAVING cracked down hard on "reactionary" elements in Egypt, by means of arrests and sequestration of property, President Nasser announced last Saturday a new scheme, pyramidal in size if not in simplicity, for giving his regime a more democratic aspect. A preparatory committee is to present within a month a report on how to convene, through free elections, a national congress of the popular forces. This congress, which is to meet in January, will represent the peasants, workers, industrialists, merchants, free business men and other "popular forces" or, to simplify, social groups. The congress will debate in public a charter of national work, to be introduced by President Nasser himself. The charter will form the basis for the election, later on, of constituent committees of the National Union; these in turn will be the foundation of the general congress of the National Union, which is destined to be the supreme popular authority.

Posterity will doubtless discover what all this is about, for the pertinent questions that now suggest themselves are numberless. Who is to decide which are the true popular forces? Will the election of the representatives of those forces be really free? Will the debate on President Nasser's charter of national work be uninhibited? What will happen if the supreme popular authority clashes with the government? Will it ever be allowed to do so? *The Economist* is not alone in its fog of incomprehension. The political commentator of Cairo radio, in a brave attempt to explain the new plan to the Egyptian people, pithily remarked:

The public discussions on the level of the whole homeland during the successive election operations which will be held horizontally and vertically should be a main springboard for the development of the popular consciousness which is the basis of any sound democratic organisation by which the people can specify their position and objective as well as the method for the achievement of their objective with all their potentials and might.

While the plan and its execution raise more questions than they answer, President Nasser's motive is clear. He has embarked again on the course of stressing the cleavage between reaction and revolution in the Arab world. His drive against the remnants of the old order in Egypt suggests a fear that they might gain enough popular support to copy their Syrian friends. He has decided against trying conciliation in favour of suppression, and has staked his personal reputation on forcing Egypt, willy-nilly, along the road to state socialism. The same theme recurs in the bitter propaganda campaign directed from Cairo against King Saud, as well as against King Hussein and the "reactionaries" of Syria. It may also underlie President Nasser's decision to withdraw military support from the "feudalists" of Kuwait.

One of the chief aims of the renewed strong emphasis on revolution *versus* reaction is to erect all possible obstacles in the way of a rapprochement between revolutionary Iraq and reactionary Syria, since an association of the two would pose the most serious threat yet to President Nasser's pretension to leadership in the Arab world. It may already be too late. The economic agreements just signed by the governments of Damascus and Baghdad, which provide for drastic lowering of customs barriers and for the free flow of capital and labour between the two countries, suggest that

Chemicals from Stratford ... and Henry Yeoman's aching back



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they are in a hurry to get together. When Cairo radio accuses the Syrians, Iraqis and Jordanians of discussing with the British and Americans a revival of the Fertile Crescent project, it is doubtless stretching a point or two. But there is at least a flicker of fire behind this particular smoke.

Brass Tacks in Brussels

FROM OUR CORRESPONDENT

AFTER the engagement, the marriage contract. Mr Heath's statement in Paris on October 10th about Britain and the common market undoubtedly made a favourable impression on those who heard it, and the summary released to the press (which appears to have emphasised the positive aspects of the speech) added to the atmosphere of optimism sparked off by the British decision to accept the Rome Treaty without amendment. If the exchanges which began in Brussels this week are likely to be much less starry-eyed, this is largely because in the meantime the community's negotiators have been examining the detailed implications of Mr Heath's suggestions for overcoming the three well-known major difficulties—the Commonwealth, agriculture and the European Free Trade Association.

In Paris Mr Heath had proposed that these problems should be dealt with by means of protocols to the Treaty. This proposal formally respects the insistence of the Six that the Rome Treaty cannot be substantially amended, but its significance is played down in Brussels, for protocols to the Treaty have exactly the same legal force as the articles proper. But they are only intended to cover exceptional cases, often with a time limit. The problems of the Commonwealth might prove too extensive for the Six to count them as mere "exceptions" to the principle of the common external tariff; and it is not clear here whether Great Britain for its part will be willing to make such exceptions temporary. Professor Hallstein made these points on Wednesday.

Mr Heath was apparently not specific about the various types of solution that might be found: he seemed to suggest that some Commonwealth countries might be associated with the enlarged common market as are the former French, Belgian and Italian colonies in Africa. Would such association be limited to African countries, or would it also be expected to cover India and Pakistan? Another solution mooted is that of tariff quotas; but under the Rome Treaty these are intended not so much as regular aid for non-member countries, but as a temporary means of allowing members access to necessary outside supplies. A third possible course would be to extend to Britain the kind of arrangement that at present allows France to continue its imports from Morocco and Tunisia; but this, owing to the differences of scale and kind between the French and British cases, would obviously run into difficulties both of principle and substance.

Apart from the trade-deflecting effects of such an arrangement, continued British imports of cheap food might well distort competitive conditions within the common market, and to remedy this it would probably be necessary to establish controls or levies on goods crossing the Channel—exactly the reverse of the common market's aim. A fourth approach would be to lower or abolish the common external tariff applied by the common market. This is already the case for a number of raw material imports which make up a substantial proportion of Britain's imports from the Commonwealth: if the European Commission's proposals to halve the tariff on coffee, cocoa and so on (made as part of its proposed new association agreement with the African states) were accepted, another precedent would be provided for this "global" approach.

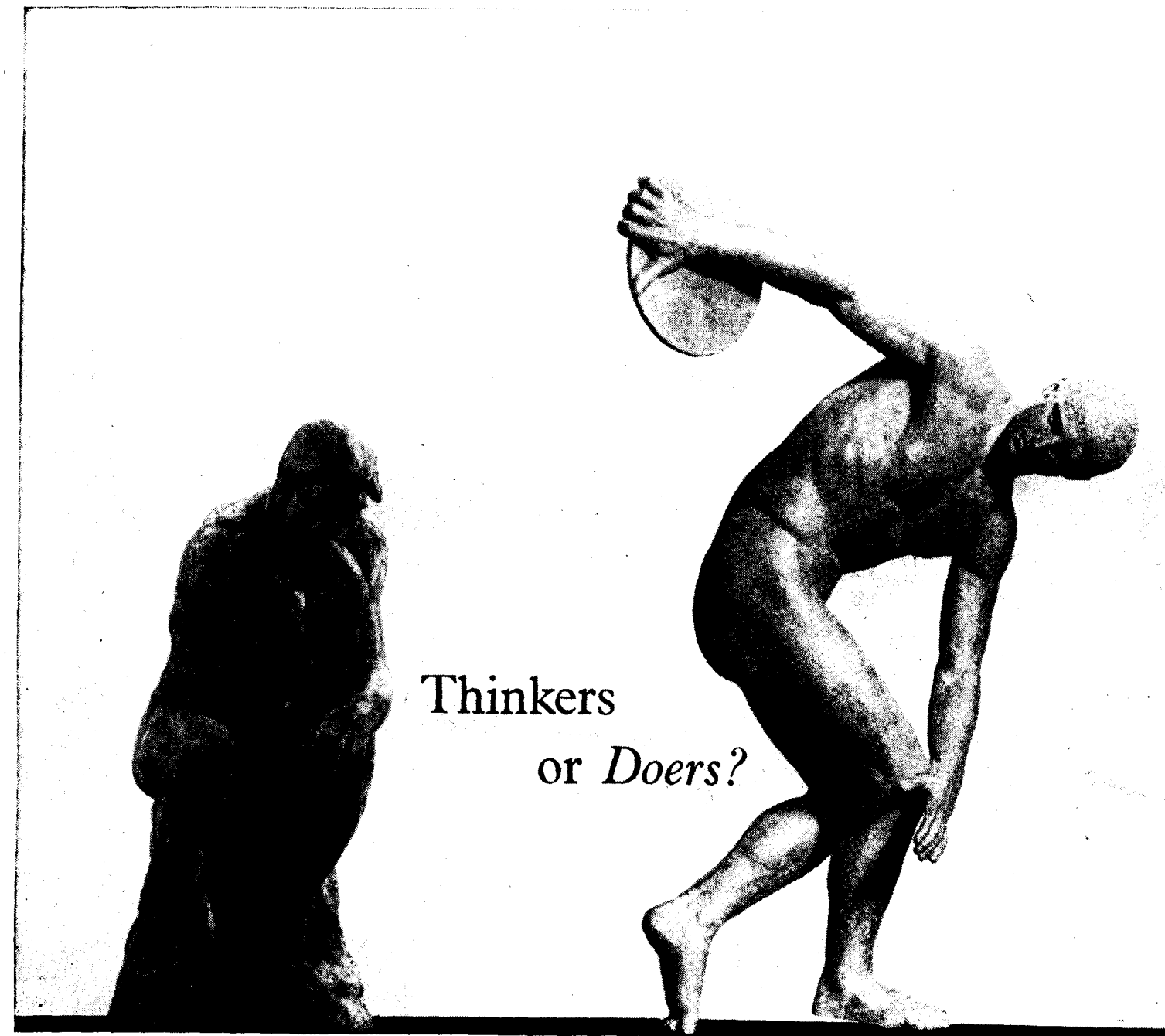
Whatever the solutions ultimately agreed upon, it looks as if the Six will insist upon some adaptation of the Commonwealth

preference system. All agree upon the importance of preserving the Commonwealth but many of them, as well as their American friends, have yet to be convinced that Commonwealth preferences are essential to this aim. Some believe that a concerted European aid effort might be as valuable to the Commonwealth countries as the preferences they at present enjoy. It seems to be recognised, however, that any adaptation of Commonwealth preference would have to be extremely gradual and that—particularly in the case of New Zealand—very generous arrangements would have to be made. The general principle underlying the community's approach to all the economic problems of its members seems to be one of gradual adaptation to a common policy assisted by community aid; and this principle seems likely to guide the community in seeking to solve the very genuine and complex problems of the Commonwealth.

On agriculture similar uncertainty reigns. Here again Mr Heath's Paris statement apparently did not propose detailed solutions, but indicated general willingness to share in the execution and, especially, the formation of a common agricultural policy. Although the Six have yet to agree on the commission's levy proposals, the process of reaching an understanding, with lobbying from pressure groups and the gradual softening up of opposition, is already far advanced; final agreement may be reached at special council meetings later this month or in December, thus permitting the community to embark on stage two of the transition period on January 1, 1962. If this happens, Britain will find itself faced with at least half a *fait accompli*. This may be why Mr Heath in Paris asked for an agricultural transition period of the same length as that originally provided for in the Rome Treaty—twelve to fifteen years. Community farmers, on the other hand, who are now being asked to accept an eight-year transition, seem to feel that Britain's difficulties in adapting itself to community policy are in substance no greater than their own, particularly Germany's, and should not require a longer period of adaptation. Some tough bargaining, therefore, seems likely here.

MR HEATH'S statement seemed to assume that Efta's problems must be solved before Britain joins the common market; and when the Danes presented their case in Brussels recently their foreign minister emphasised the importance of finding solutions for all the member countries. The Six, however, feel that the phrase "legitimate interests," mentioned in the Efta ministers' joint declaration in London on June 28th, is ambiguous; as a French representative recently remarked, one would like to know what the illegitimate interests are. The European Commission has recently been at pains to point out that association—publicly favoured by the three neutral Efta members—is an extremely flexible formula, presumably intending to imply that a full customs union like that with Greece is not necessarily on the cards for those who choose to be neutral of their own free will. Of the rest, Norway must modify its constitution before it can carry out its wish to apply for membership, and Portugal, like God in Browning's poem, has not yet said a word. How far Britain would allow its hands to be tied by these difficulties is a matter for speculation here; in the last resort it could presumably invoke the secession clause of the Efta treaty and opt out after a year's notice, but nobody expects this dire situation to be reached.

For many reasons the Six genuinely want the British to join them, yet they are well aware of the dangers of enlarging the community so greatly so soon. They are finding it difficult enough to integrate among themselves; some fear that the fairly watertight union which it is their basic aim to create might turn into a leaky sieve. It is harder now to sense the current of optimism generated in Paris; but as one community official recently remarked, "the new spirit shown by Mr Heath may count for more than people realise."



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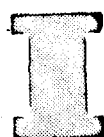
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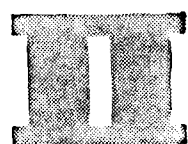
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THE BUSINESS WORLD

Trouble with Capital Gains

IF resounding pseudo-moral arguments made good tax law, Mr Lloyd would not be in his present difficulty. It has been fully, if variously, described by a dozen political correspondents in the last ten days. Like the dog that did not bark in the night, the omission from the Queen's Speech of any reference to his proposed measure to tax short-run speculative gains has attracted remarkable attention, and elaborate efforts have since been made to explain it. Most of them have been larded with the predictable pejorative phrases; the bill, it is asserted, will hit at the most glaring speculative operations and catch the anti-social operator, without discouraging genuine investment. Most of these comments, too, have sought to impart the simple-minded notion, which must be in Mr Lloyd's mind too, that legislation to tax capital gains will encourage trade union and public opinion to accept the wage pause and the rest of the Government's economic prescription. The pause looks like being over before the bill even appears.

Evidently this is proving no simple bill; but no one who has given even passing consideration to taxing capital gains could have supposed that it would be otherwise. The orthodox Treasury view about capital gains—it was reaffirmed as recently as last April when Mr Lloyd introduced his first budget—has always been that the complications of taxing them would not justify the prospective net return. This has been the attitude about capital gains as a whole, not merely the short-term sort that are now thought to be so objectionable. But Mr Lloyd appears to adhere to the traditional view that long-term capital gains should not be made taxable and so has got himself involved in the insubstantial niceties between short- and long-term, whereas there is no ontological distinction between them. There was merit in Keynes's observation that investment should be made like marriage—indissoluble save for weighty reasons. But there can be no merit in any law that says that capital gains realised within, say, six months are "speculative" and taxable, whereas those realised after six months and a day result from "genuine investment" and should go untaxed.

It seems, indeed, from what the Chancellor said in his budget about capital gains, and from what he has said since, that he is missing a changing tide of opinion about their taxability. Since 1955, when the Royal Commission on the Taxation of Profits and Income came down against a capital gains tax, an increasing body of opinion (and not self-evidently left-wing opinion) has been questioning this immutability of doctrine, and even many of the subtleties of the Royal Commission's arguments in support of it. Today, many more

people than then feel a greater response to Mr Kaldor's minority arguments for subjecting capital gains to income tax (not, he said, to surtax) with due allowance for realised losses. More people have been reaching this conclusion because of the readiness (less than it was, but still widely prevalent) with which certain transactions aimed at providing profit and therefore income can be dressed in the appearance of untaxable transactions in capital as distinct from trade. This poodle-faking is, indeed, less easy than it was; the Commissioners of Inland Revenue are much readier than they were to clip the "badge of trade" on to such transactions, whether they are paraded as being of a once-for-all nature or not, and without making fine judgments about their motivation; and they are prepared to fight their decisions with determination through the courts. The evolving tests of what is taxable, and what is not taxable, as income nowadays bring within the ambit of taxation many gains that would formerly have escaped.

Yet the British tax code still seeks to apply a distinction between a detachable surplus arising from "an adventure or concern in the nature of trade," which is taxable income, and a profit from realising property not committed to a trade, which is an accretion to capital and not taxable. Preserving this distinction involves the drawing of increasingly fine lines. The "badges of trade" change with every widening of opportunity for economic gain. Mr Lloyd himself seemed to be closely on this point when he declared in his budget speech that firms or individuals who made a business of seeking capital gains are liable to full income tax, surtax and profits tax on them; it was for the commissioners to decide whether a particular case fell on this side of the line, or whether it fell on the side of "genuine investment." At that stage, at any rate, he was endorsing the view that the commissioners could determine, under the existing law, whether "dealing" could be said to exist in a given case, and to act accordingly. And so he rejected "what is called a capital gains tax."

He may now be regretting this display of forthrightness. It is beginning to look as if a reasonably constructed capital gains tax, buttressed by a gifts tax, would serve the country, and the Conservative party, much better than the self-righteous nuisance that is now giving so much trouble to devise. Opportunity, means, and knowledge now confer on an ever-widening section of the community the ability to profit on the Stock Exchange and from transactions in all kinds of property. Nineteen ladies from Wallasey won the investment clubs' championship last year, with four per cent capital appreciation, based, it seems, on timely purchases of Butlins

and Dental Manufacturing; they and the other members of the association were told by Mr Whitelaw, a Conservative whip, that he thought the unions would demand restrictions on company profits as the price of acceptance of the Government's proposals for planning and wages, which sounds like two cheers for a property-owning democracy. The fact is that Throgmorton Street is no longer a top-hat preserve; the distinction between amateur and professional is breaking down here as elsewhere. The butcher and the baker pursue their bit of "tax free" quite as assiduously as the smart City gentlemen chase their bigger game; neither they nor anyone else will want telling to hold for six months and a day if that is the means of escaping tax.

THE taxability of capital gains cannot be made to rest on any judgment that they are anti-social, and certainly not on any view that short-term gains are immoral, whereas "short-term plus one day" gains are not. The question is solely one of whether they should be treated as income or not. One view, which the British system has hitherto tried to preserve, is to distinguish between the "fruit" and the "tree," taxing the former but leaving the latter untaxed (except for those who deal in "trees"). The other view is to attempt none of this distinction and to roll up capital gains into taxable income, as the American Internal Revenue Code does, in one all-comprehending definition:

"Gross income" includes gains, profits, and income derived from salaries, wages or compensation for personal service . . . of whatever kind and in whatever form paid, or from professions, vocations, trades, businesses, commerce or sales, or dealings in property, whether real or personal, growing out of the ownership, or use of, or interest in such property, also from interest, rent, dividends, securities, or the transaction of any business carried on for gain or profit, or gains or profits or income derived from any source whatever.

And this definition, the United States Courts decided at the outset, was to include any realised appreciation in the value of any assets, even though not in the course of business.

Since one can argue either way about bringing capital gains into taxable income, it is well to look at the Board of Inland Revenue's own recorded views, set down in a memorandum dated 1952 which was published with the Royal Commission's report. This first clears the hurdle about taxable capacity. There are, it provisionally concluded, some types of (realised) capital gains that are capable of bearing income taxation. But there would be "much public opposition" to the treatment as income of gains occurring on "ordinary changes of investments." Losses should be allowable, but not carried back. And having examined the impact of a highly graduated surtax on irregular gains, even when moderated by some method of averaging, the board was prepared to concede that

a flat rate tax on long-term gains, as in the USA, might be preferable, or at any rate some graduation less steep than that of the ordinary income tax and surtax rates.

The pundits have recently been suggesting that Mr Lloyd's bill will tax short-term gains fully for income tax and surtax. Again, the board then saw little distinction on grounds of taxable capacity between short- and long-term gains, though it recognised that any such distinction, which would involve the definition of a holding period, would become of first-class importance, and difficulty, in administration. From these considerations, the board proceeded to outline a possible

scheme, to tax realised gains on "any form of property" (other than stock in trade), with "realisation" defined to include dispossession by sale, exchange, compensated loss, gift or death. It allowed modifications for forced or voluntary conversions of property, and thought that owner-occupied property might be excluded, or any gains offset by the additional cost of a new house. It foresaw the need to prevent avoidance by using false values or spurious sales. And the gains would have to be returned on the ordinary tax declaration.

This is the barest summary of the board's outline, which itself was put forward with no illusions about initial complications and inevitable amendments. Much thought was given to the public reactions to a capital gains tax and to the effect on the board's work. It must be brooding over similar points now, even though a short-term capital gains tax would spare it the hideous difficulties of fairly computing "cost of acquisition" and the "spreading" of gains that an equitable tax on long-term gains would involve. "It is feared," the board then declared, "that the most willing co-operation from taxpayers would not be forthcoming. . . . With a tax that must be based largely on returns by taxpayers, the extent to which accurate returns are made will depend on the degree in which the tax is accepted as being levied on a proper subject matter and fairly distributed." A formidable "search for liabilities" would be involved, testing the reliability of returns against available sources of information—such as records of property transfers kept by the Valuation Office of the Inland Revenue, shareholders' returns at Bush House, Estate Duty Office records and "advertisements in the national and local press and in trade journals." The board thought that it might also be necessary to seek powers to obtain returns of transfers from the Stock Exchange, "from local authorities (re cars)," and from auctioneers and retailers in connection with transfers of such valuables as "jewellery, fur coats, antiques, pictures, stamp collections, horses, greyhounds, etc., etc." On the Stock Exchange side, it contemplated the possibility of a yearly volume of 2½ million transactions (probably on the low side even in 1952 and certainly low now) and it admitted defeat from the outset:

It is not considered feasible to require comprehensive returns from stockbrokers. The sorting, and linking with departmental papers of some 2,500,000 items per annum would be almost impossible and probably uneconomical. It might, however, be necessary to require returns of transactions of over a certain amount, say £1,000, with a similar task of linking, etc.

Yet these horrors of policing would still be relevant to a short-term capital gains tax. It would be an optional tax in the sense that it could be totally avoided by a little waiting—short-term gains as defined for tax purposes would simply not be realised in the great bulk of cases. And the deliberate evader could make it largely optional in the different sense that the poor Inland Revenue would have less than a sporting chance of establishing dishonesty and bringing home the penalty.

Whether such an apparatus is going to be worth while to produce risible revenue and merely to extend the period over which short-term gains are taken is a matter for Mr Lloyd to answer. Among the particular cases that his bill will have to cover are the treatment of provisional documents of title in new issues and dealings in short bonds. It is imperative that these two important areas of the capital market should not

be impeded. Lord Ritchie has made his point about the new sue market under a capital gains tax, but the Stock Exchange will have to be on its guard against damage to any part of its machinery.

Two final points are worth making. Nine years ago, the board concluded its examination in these words:

Existing stamp duties on transfers already absorb a high proportion of net capital gains. Since these duties were doubled in 1947, they have produced between £35 and £40 million a year, which represents a charge of 21 per cent of average net gains. Stamp duties on securities (which are charged before any gain or loss is made) brought in no less than £60 million in the

Airports Public and Private

THE shanty town that is at present known officially as London Airport North Side (and unofficially by several less euphonious sobriquets) will not close for good until the middle of next year. But from Monday onwards rather more than half the air passengers leaving this country for distant parts—including all flying with BOAC—will saunter or puff, according to their physique, up and down the gilded ramps and stairways of London Airport's new £1.3 million "long-haul" passenger building. This is being commissioned in sections, with the airlines moving in on the heels of the builders. If at first sight it looks very much like any other new building in any other big international airport, this is because the conflicting needs of passengers who are small and numerous, of aircraft that are vast but relatively few, and of Customs and Immigration departments which are !*XX! !*XX! !*XX!, leave architects scope for little more than small variations on the theme of a central booking-in hall, a "comb" of Customs and Immigration desks through which passengers must pass, and a departure lounge in which they sit waiting for their aircraft.

In spite of this superficial similarity, the new London Airport buildings show signs of some re-thinking about ways of getting passengers on and off aeroplanes. Passengers themselves will regret that this does not extend to keeping them under cover from the elements, even though airports in North America have shown that the damp and chilly journey across the tarmac in pouring rain can be avoided with a little ingenuity and some expense. And the biggest international airport in the world might at least have arranged for cars and coaches to disgorge their passengers under cover, instead of expecting them to jump like steerage passengers for the sheltering canopy.

It is inside rather than outside the building that the re-thinking becomes evident. The Ministry of Aviation has turned its back on the complex arrangement of numbered channels that make travellers trail through its short-haul buildings like so many penned sheep. It has also side-stepped—temporarily at least—the pitfalls of so many new continental and North American airports where passengers have to tramp interminable distances for no useful purpose that they, at least, can see. Most significant of all is the built-in flexibility which the passenger cannot see but which allows partitions to be moved and removed, staircases to be added or taken away, and the whole interior of the building chopped about

year 1959-60. Forty-one years ago, a Royal Commission declared: "There are many categories of transactions the profits arising from which seem, to the ordinary mind, eminently suitable for income tax" and it recommended that casual gains arising from a transaction ostensibly seeking profits should be taxed. The argument has gone back and forth ever since, with the Revenue laboriously but only partially extending its grasp over such kinds of income. But it is far behind the modern way of the world. What are those Midas Ladies of Wallasey, who last year put so many investment trust managers to shame, seeking if not eventual profit?

to meet changing traffic requirements. London Airport officials have learnt the hard way that it is impossible to tell whether a building is adequate until the passengers come in. Since the BOAC section alone is planned to handle 2,000 passengers simultaneously arriving and departing within an hour, and the buildings themselves are expected to be adequate to meet all long-haul traffic until 1970 (estimated at 3 million people a year by that date compared with a million last year) this freedom to vary the interior layout by moving a few nuts and bolts may prove important.

If the buildings at the airport are now, or soon will be, adequate to handle air traffic into London for the next decade, the same cannot be said of the access roads leading into them. Long-haul traffic is moving from the North side, where it was next to the main road, to the centre of the airport, which can be approached only by a single tunnel. There must be misgivings about the capacity of this tunnel. The apparent placidity with which this prospect is viewed by the Ministry of Aviation may be due in no small part to the knowledge that by the time the start-up comes, London Airport will very probably be the responsibility not of the Ministry, but of a new airport authority. The bill to set up this authority is not likely to be presented this session by the time it does become law, the four main international airports for which it will be responsible—Heath Row, Gatwick and Stansted all serving London, and Prestwick serving the North—should together be showing a comfortable working profit. The new authority would take them over as sound going concerns, which many think preferable to starting it off with a subsidy.

IF no change in ownership at these big airports seems likely for a year or two, the same cannot be said of a sizeable group consisting of seven provincial airports which between them have been losing almost as much money as they take in revenue. These can be sold or closed by the Ministry without the need for new legislation. Blackpool Corporation has been negotiating grudgingly with the Ministry for years to buy its local airport, and negotiations are being opened with several other local authorities. The municipalities' marked reluctance to take these unwanted airports off the Ministry's hands lies in the size of the losses they are currently incurring. The Ministry's last accounts to March 31, 1960, show a deficit of £2.3 million on a turnover of £2.9 million; some were earning a bare twentieth of their expenses.

Yet under certain conditions, local provincial airports can be made to pay, or to show losses small enough not to disturb the ratepayers. The second busiest airport in the country after London Airport itself is municipally-owned Southend, which handled as many as 8,000 passengers in a single day and made a gross profit in the last financial year of £96,000 on a turnover of £381,000, and which was still able to put £15,000 to reserves after meeting all charges.

These kind of results are not easy to achieve. Southend's prosperity dates only from the past few years since it became the centre of a high proportion of holiday tours, and its future is closely bound up with the attitude of the Air Transport Licensing Board towards the independent airlines, and especially the smaller ones whose existence depends on this kind of business. Airports can, however, operate on a scale much smaller than that of Southend and still keep expenses within reasonable bounds. The municipal airport at Luton is small by any standards, with an annual turnover around £50,000, yet the average cost to the rates has remained steady at approximately £2,000 a year. The deficit jumped in the last financial year to £6,000 because the airport has started on an expansion programme which involves lengthening the runway, providing new hangars and spending altogether £1½ million.

Luton has faced the dilemma of many a small airport by deciding to risk substantial capital investment in order to attract traffic; that is, in this case to be able to take short-haul aircraft up to Vanguard size. It happens, however, to be strategically placed to the north of London and at a height where it is rarely closed by the kind of bad weather that shuts London Airport. For this reason, KLM has chosen Luton for its main bad weather diversion airport and may thus have set a fashion; small independent airlines may also make it their base because they cannot afford the high rents charged at Gatwick, which is now the "official" base for independent operators. A solid basis of regular scheduled flying is needed to make any airport pay, and a good deal will be needed to make Luton's far-sighted investment pay off.

This kind of uncertainty also limits expansion at Southend,

where the authorities have steadfastly insisted on maintaining it as an airport for short-haul traffic handling aircraft no bigger than a DC6 although British European Airways would have liked to see it develop as the third airport for London. The temptation to grow and to put in facilities and navigation aids which cannot be justified by the extra traffic may be the reason why some municipal and government-owned airports in the provinces lose substantial sums already. Another may be the fact that they do not exploit alternative sources of revenue. Luton rents factory space and is planning for shops; both Luton and Southend retail fuel to the airlines and the profit to Luton works out at 3½d a gallon (the Ministry of Aviation might learn something here). Not all airport commandants realise that they must go out and sell their airports to airlines and agents as vigorously as if they were selling car hire or sausages; not all of them realise the growing importance of air freight, particularly in smoothing out seasonal dips in traffic. Southend is building new freight sheds.

It is interesting to speculate how much extra traffic might go through these and other privately-owned airports if they dropped the present practice of charging the same landing fees as the Ministry of Aviation does at its vast international airports. There seems to be an underlying fear here that any price-cutting of this kind would lead to retaliation from the ministry, on whose goodwill many municipal airports depend for meteorological services and some help in longer distance traffic control. But there seems no reason why the same charge should be made to land, say, a Viscount, at London Airport with its lavish terminal facilities, at Southend where the facilities are simple, and at Luton where they are cosily small. The standard of efficiency is probably the same in all three cases, but it is obvious that the scale of investment is not. More short-haul traffic might go through these municipal airports, so easing the strain on London, if they trimmed landing charges to their expenses. Perhaps freer pricing may follow the formation of the authority for the international airports.

A Taste of Beer

Lager and "container draught" have been the fastest growth elements in the brewing business during the last decade. Can this growth be maintained?

TEMPORARILY the headquarters of Harp Lager are at Park Royal, where only one beer, Guinness Extra Stout, is brewed. At this brewery, probably the biggest single item of capital expenditure in recent years has been concerned with the establishment of a container draught line. Guinness is thus backing both of the new growth elements in British beer; but it intends to spend more energy and money on lager, which it will sell through tied as well as free public houses and off-licenses, than it has on its container draught, which is sold almost exclusively in the free trade. Whitbread is another brewer backing both horses, having scored a remarkable success with its container "Tankard" and having recently signed an agreement with the Dutch lager brewers, Heineken. This agreement may, however, have more significance for Whitbread's overseas developments than for the

home trade, where Whitbread houses will be selling Heineken alongside Ind Coope's "Skol" and the Belgian "Stella." Ind Coope, having developed the bottled ale, "Double Diamond," and the canned beer, "Long Life," and wishing to make the fullest use of its centralised bottling store at Burton, is putting the weight of its promotion behind "Skol" and seems less active in promoting fresh orders for its container draught beer, "Red Hand," though it already has quite big contracts in some sectors of the free trade. Watney Mann has taken the other alternative. It was the first British brewer to produce a container beer before the war and now, despite the postwar efforts of Flowers, it has the biggest share of this market. It is actively trying to widen the number of outlets to serve container "Red Barrel." But for lager it relies largely

* Brewers have not agreed on a title for draught beer stored in an airtight metal cask, incorporating, or coupled to, a gas cylinder, and served under pressure at the bar. "Pressurised" is not quite accurate, as some of the more usual draught beers are also served under pressure. "Keg" is short and apt, but has the disadvantage to the other brewers of being Flowers' brand name. "Canister" tastes of tin. "Container" is dull and neutral.

on trading agreements with Ind Coope and United Breweries; it stocks "Skol" in some of its pubs and "Carling" in others, securing in return an outlet for "Red Barrel."

Except in the sense that one beer satisfies the thirst as much as any other, bottled lager and container draught are not direct competitors. Container draught is traditional English beer served in another fashion, enjoying the same advantage that bottled beer has of being consistent in taste and quality from pub to pub. Only at the last stage of the brewing process does it require specialised equipment, though the cost of that equipment and of the casks and gas cylinders with which it is distributed is sufficiently high to deter many of the small brewers from trying their hand. Lager, which requires bottom fermentation, a brewing process used generally abroad but not ordinarily in Britain, and time in storage to produce its distinctive qualities, is very different from traditional British brews. It needs its own specialised brewing plants and has a different taste from most British beers. (To this black-and-tan drinking correspondent it tastes of pears.) But to the British brewers, trying to decide where to put the weight of their promotional and development activities, container draught and lager compete for their effort and money. Are these, the trade asks itself, the beers of the future and which will sell most readily in the next decade?

Neither lager nor container draught at the moment accounts for more than three per cent of total beer consumption in this country. But in the last few years their consumption has grown faster than that of any other beers. Between the end of the war and the mid-fifties, annual beer consumption was falling; it amounted to only about 25 million bulk barrels in 1957 and in 1958. In 1959, reflecting a reduction in duty and a hot summer, it rose to 29 million barrels, but in 1960 slipped back to 27 million bulk barrels. This year it may be of the order of 28 million barrels. Some brewers will be neither surprised nor dismayed if it levels out between 28 million and 30 million barrels per annum over the next decade. Recognising the strong competition for the customers' shillings in an affluent society, they are not basing their plans on a strong growth in total consumption. But what they do count on is some shift in demand between different types of beer. For example, lagers and pasteurised bottled ales may gain at the expense of naturally conditioned bottled beers, and container beers at the expense of traditional cask draught. The expectation is based on something more than hope. In 1950, less than 100,000 barrels of lager, mostly imported from abroad, was drunk; by 1959, when Ind Coope introduced "Skol," total lager consumption was of the order of 500,000 barrels; in 1960, it was in the region of 550,000 barrels and this year guesses put it at 600,000-700,000 barrels and possibly slightly more. Lager is predominantly drunk in the summer, and largely by younger people. From an equally small start, made somewhat later in the decade, the consumption of container draught this year will probably be not much less than 500,000 barrels. Here, "Red Barrel" appears to have over a third of the trade; its sales seem to be about twice those of Flowers' "Keg" and three times as much as Whitbread's "Tankard." Like lager, this is largely a saloon and lounge bar trade; but it has none of lager's off-licence sales.

So far, the well-known imported lagers, including Carlsberg and Tuborg, appear to have held on to their volume of sales in Britain, but that hold is now being strongly assailed by

the British brewers who are better placed to tie up outlets and able, because foreign lager has to vault over an extra £1 of duty per barrel, to offer a slightly higher gravity lager. The British brewers may also find it easier to get into the supermarket trade for canned beer, which may develop as a result of the new licensing law, and, if the demand is established, to offer draught lager. Their efforts are aided by the British idiosyncrasy, invented it has been said by an American GI, of drinking lager and lime. "Two per cent of 'em drink lager," one publican grumbled recently, "the rest add lime." And once the lime is in, any distinction of taste between brands is out. No brewer, therefore, cares for this drinking habit; but for the moment he has to live with it. "Harp" will now add to "Skol" and "Carling" expenditure on promoting British lager; their combined efforts may well have the effect of cutting down the imported lagers' share of the market. At the moment this amounts to about a quarter, slightly more than "Carling's" and slightly less than "Skol's."

It is from the base of tied outlets that the British brewers, by spending heavily on promotion and by encouraging their publicans to press the sale of their own national brews, hope to keep any further growth in lager consumption to themselves. "Harp," for instance, must be aiming at a market share as big as "Skol's"; it is being brewed at Dundalk (100 per cent Guinness), at Royal Moss Side in Manchester (50 per cent Guinness, 50 per cent Scottish and Newcastle) and at Park Street in London (45 per cent Guinness, 45 per cent Courage Barclay and Simonds, 10 per cent Mitchells and Butlers). The three latter companies will have the same interests in the £2½ million brewery being built at Alton; lager brewing at Park Street will stop when Alton, which should have no difficulty in brewing 150,000 barrels a year, comes into production in 1963. At this point, no doubt, Guinness and its partners hope that the initial losses on promotion will be past and that their lager operation will begin to show a profit. By now "Skol" should have passed the break-even point, though the profit it is making must still be very small. But the British brewers' expectations of a really profitable return on their investment depends upon their ability to gain sales at the expense of the imported lagers and upon a further growth in consumption. With container draughts, their task is easier: this operation is already profitable and, as the mark-ups to the big breweries and to their publicans on them are comparable with those on bottled beers, they will not be unduly perturbed if sales from containers rise at the expense of cask draught.

In both container draught and lager, the customers appear at the moment prepared to pay prices comparable with those of top-quality bottled ales. But the brewers themselves appear to be wondering if the prices are just a little too high: to secure a further increase in consumption they will want to hold prices down or possibly to reduce them. To justify the efforts they have put into both developments, consumption of both these kinds of beer will need at least to double within the next decade. In neither case do the brewers believe this to be too sanguine a hope. Where they differ is on respective rates of growth of container draught and lager and whether either will do better than double its sales. One group feels that as lager is predominantly a summer drink, the installation of cooled cellars and cooling shelves for traditional beers will

check its growth; but that as container draught offers a consistent quality comparable with that of bottled beers it will inevitably grow at the expense of cask draught—and probably faster than lager. Others argue that an all-out effort to improve cellaring in the pubs and to impose tighter control on the quality of draught beer at the point of sale would nullify the advantages claimed for container draught, and if applied radically enough could check its growth.

This is a matter of choice between differing forms of capital expenditure, and each brewer comes up with a slightly different answer. Some of the choices and many of the guesses will, in the event, be found to be wrong, for the brewers are, at glass-bottom, trying to discern intangible changes in fashion

and taste. But it would seem safe to say that in the next decade, though the traditional beers will still form the bulk of the trade, more lager and more container draught will be drunk. The prediction that container draught will grow faster and reap a bigger profit than lager is far less firm but it still may be ventured. Whatever happens the effort already devoted to these developments suggests that the regional and national brewers will continue to grow at the expense of the smaller concerns; that more brands of beer will be sold in any one public house; and that the structure of this industry, increasingly dominated by mergers and trading agreements, will set more rigidly into the pattern of "inner sixes" and "outer sevens" of breweries.

BUSINESS NOTES

CONSUMER SPENDING

Curbing What?

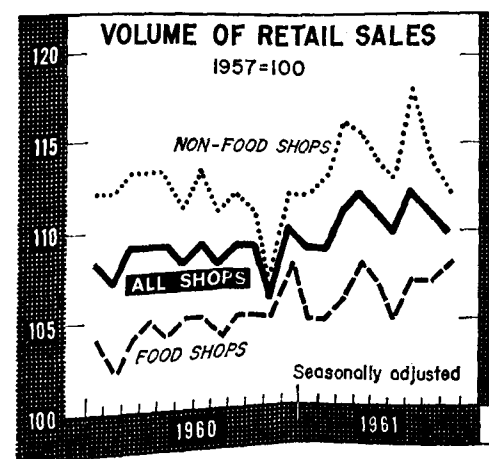
DESPITE the Board of Trade's assurance that it was unlikely to revise downwards its preliminary estimate of retail trade in September, this is just what it has done. The final estimate of seasonally adjusted sales (1957=100) is 116 compared with 117 in each of the two previous months. Taking the price element out of these calculations for the first time, by revaluation at constant 1957 prices, a new series (shown in the chart) suggests that the volume of retail business slipped a point in August and again in September, bringing it back to the rather depressed June level.

People were buying more food in September than in June; more clothing, too, although less than in August. The slackening in buying was entirely in the durable goods shops, where turnover was lower than in any other month this year. Compared with September, 1960, however, durable goods shops were doing just about the same amount of business and it was the clothing trade which was depressed. To a smaller extent, food shops have also been experiencing see-saws in trade, although the underlying trend here seems doggedly upwards and it was a growth of 3 per cent in food

buying which entirely accounted for the 1 per cent rise in the total volume of spending in the shops between September, 1960, and September, 1961.

Credit sales of household goods shops have followed much the same course in recent months as the total business of these shops. After a rise which was less than is usual seasonally, these credit sales in September were only 3 per cent higher in value than a year before, the same as the margin in total sales. Outside ordinary retail trade, credit business in cars has been considerably reduced, and total instalment debt in September fell by £12 million. Figures collected by Hire Purchase Information show that hire purchase sales of new cars were still falling in October when they numbered only some 9,200 compared with 10,200 in September and 20,000 in July. October was the second month in which contracts were fewer than last year for new cars and the third month in which this was true for used cars; although credit sales of the latter recovered a little in October, rising from 44,600 to 47,400, they were still 7,000 short of the October, 1960, figure.

The credit squeeze has had its effect. But where was the buoyancy in spending that the Chancellor set out to curb? After having been falling slightly for six months the volume of total consumer spending, after allowing for seasonal factors, rose by just over 2 per cent between the final quarter of last year and the first quarter of this year, and then further by just under 1 per cent in the second quarter. By then people had 8 per cent more money than a year before but had stepped up their spending by only 3 per cent. As a consequence, the rate of saving was exceptionally high in the months just before the Chancellor announced his economic measures: indeed, if the statistics are to be believed, it was running at a record level.



MONEY MARKET

Accepting Six Per Cent?

TALK about the next cut in Bank rate has been heard rather less in the City this week than it was immediately after the reduction to 6 per cent last Thursday. The discount houses reduced the Treasury bill rate by nearly $\frac{1}{2}$ per cent at the following day's tender, and at just under $\frac{5}{8}$ per cent the rate is already on the low side in relation to 6 per cent Bank rate—though the margin is by no means excessive. The Bank of England was quick to apply the brake and, as in each of the previous weeks except that of the Bank rate reduction itself, it forced the discount market to take loans at Bank rate one day after the other. The discount houses this week have been paying up to $\frac{5}{8}$ per cent for overnight money, and while the average cost of their money is probably a shade below 5 per cent, this means that, at the margin, they are financing bills at a loss. This could still make sense at a time when Bank rate and money costs were shortly expected to fall; but now that the much expected reduction to 6 per cent has come, the penalties exacted by the Bank may not be ineffective. This modest inculcation of caution has also made its mark elsewhere in the City. The gilt-edged market lost some of its sparkle early this week, though the buyers returned on Wednesday. In the local authority money market lenders have successfully resisted a sharp fall in rates, and seven-day money, after falling from $\frac{6}{8}$ to $\frac{6}{16}$ per cent, hardened a shade. Isolated withdrawals of foreign deposits have been reported, but these have been accompanied by a continuing inflow of money on three and six months' term.

STOCK MARKETS

To and Fro

HAVING caused no more than a ripple in the stock markets before the week-end, the reduction in Bank rate was little

more than a memory this week. Both the gilt-edged and industrial markets swung first one way and then another. The volume of business remained small and at first the nervous uncertainties that have characterised the equity market for several months were again evident in a slight fall in prices. Dealers found nothing new to say about this mood, except to point vaguely to the possible effects of a capital gains tax. On Wednesday however the market drew encouragement from the Chancellor's forecast that "strong expansionary forces" would be at work again at the beginning of next year. This, together possibly with the brighter tone on Wall Street, sent prices moving up again, with the net result that over the week to Wednesday's close *The Economist* indicator was slightly higher at 356.4. On Wednesday, moreover, some institutions and some trustees were prepared to buy selected stocks in small quantities and this was, for instance, reflected in quite a sharp rise in Dunlop. Prices continued to go ahead on Thursday, when the *Financial Times* rose by 3.5 points to 298.4.

At the beginning of the week, gilt-edged prices fell back a little. This appeared to be no more than a natural reaction to the sustained rise in recent weeks, prompted by the tight conditions prevailing in Lombard Street and the further realisation that the authorities are not afraid to take advantage of the healthier tone in the gilt-edged market to bring new issues forward. The slight easing in prices was reflected in the modest premium at which dealings began in the $\frac{6}{8}$ per cent stock offered at 99 by the Bootle Corporation. At $\frac{3}{8}$ premium, the opening price was smaller than had been expected, but when gilt-edged prices moved up again on Wednesday, partly in response to the Chancellor's statement, the premium rapidly improved to $\frac{1}{4}$. This recovery brightened the prospect for the £10 million issue by the Agricultural Mortgage Corporation of a $\frac{6}{8}$ per cent stock, 1975-77, at 99 $\frac{1}{2}$. Comparison with the price of the LCC and Bootle stocks shows that while the authorities have taken account of the rise in gilt-edged prices they are not forcing the pace. The dates and the yields—£6 11s. per cent to redemption and £6 10s. 8d. per cent flat—have an obvious appeal to institutional funds; but the market has noticed that £26 million in new local and public authority issues has been offered within the space of three or four weeks, and if another offer followed immediately on the heels of the establishment of a premium on the new "Farmers" loan the market might again be restrained.

THE EXCHANGES

Germany Reappraised

BUSINESS in the exchange market became notably quieter after the Bank rate cut. The firm undertone in sterling persisted, and on Tuesday afternoon the rate again began to rise, and the authorities are

believed to have taken in dollars then and on Wednesday. The margin on covered arbitrage in favour of London over New York has declined, from about $\frac{3}{8}$ to $\frac{1}{4}$ per cent on the Treasury bill comparison. At the same time as the bill rate has fallen in London it has risen in New York in line with official tactics there. At 2.35 per cent the bill rate there is still a clear three points below London, which is sufficient to attract some investors to transfer funds. But for the more cautious, the forward premium on three months' dollars now almost offsets the interest margin: it was reduced to 2-1 $\frac{3}{4}$ cents by anticipatory purchases of forward sterling before the Bank rate reduction (which some operators thought would be by a full one per cent) and has barely fallen further since.

The most striking currency news of the week has been the acceleration of the fall in the reserves of the German Bundesbank, to 441 million marks (\$110 million) in the last week of October. This brings the total loss last month to about 1 billion marks and the loss since July to over 3 billion marks—of which about one-third is accounted for by German credits to the International Monetary Fund. There is still plenty left in the German kitty—some \$6.8 billion, or about double the London reserves with a fraction of the liabilities.

The Bundesbank is reported to have made further supporting sales of dollars this week. The weakness of the mark is largely a result of a political reappraisal. While many observers feel that the immediate Berlin crisis has eased, they have been deeply concerned about the machinations in Bonn during the past few weeks; and this, combined with the uncertainties for the future that the Berlin crisis has posed, has persuaded a number of operators that Germany is not as safe a home for their funds as it appeared before the summer.

THE DOLLAR

Gold Guarantees?

A New York correspondent cables:

THE three months credit of \$46 million in Swiss francs that the United States Treasury has arranged with the Swiss National Bank is another step in the Treasury's short run defensive efforts to build up an active stabilisation fund for the dollar. Last spring the Treasury acquired D-marks for this purpose from the proceeds of Germany's prepayment of debt; more currencies could be added to the fund later. The official currency fund is of course a limited tactical weapon, but the Treasury believes that the knowledge that it exists should help to dampen currency speculation, particularly in the near term which will show a worsening deficit in the balance of payments. Official preliminary estimates are that the net deficit ran at annual rate of \$3 billion during the third quarter compared to the rate of \$1.7 billion in the first half of the year. These figures could touch off

new doubts about the administration's ability to control the deficit.

In addition to the Swiss franc borrowing, the Treasury has been engaged in strenuous efforts to gain European fiscal and central bank co-operation over the short term should a crisis of confidence occur. It seems that the United States has been promised help at least on a temporary basis to keep the price of gold in London stable with no immediate diminution in the United States gold stock. This presumably involves gold guarantees to countries that are not converting their dollar balances. Britain and other traditional gold holders now appear to have agreed on a new policy to refrain, to a limited degree, from building up gold reserves during the present period of potential strain. The US Treasury sees this as an example of the new measure of co-operation by Europe, contrasting with Britain's 1956 drawing on IMF, which went partially into gold, and also with foreign central banks' action last year in building up their gold reserves during the period of strain on the dollar. The Treasury emphasises, however, that central banks are still free to buy gold if they wish. In the regular meetings of central bankers in Basle and of OECD in Paris the United States is stressing that steps are being taken to correct deficits in both the domestic budget and the balance of payments.

MOTOR PROFITS

BMC Holds the Line

THE fall of 51 $\frac{1}{2}$ per cent from £32 million to £15 $\frac{1}{2}$ million in the trading profits of British Motor Corporation in the year to July 31st was no worse than had been expected, and on the maintained dividend of 20 per cent the 5s. shares were marked up by 3d. to 14s. 1 $\frac{1}{2}$ d., to yield 7 per cent. It seems possible that in three months of that financial year BMC was making losses and in another three was doing little more than to break even. A fall of 10 per cent in the output of vehicles to 601,000 would not usually produce such a sharp fall in profits; but the cut in production was concentrated in a few months when the factories were simply ticking over but all the workers were kept on the payroll. Such an action could only be justified on the expectation of a rapid recovery in sales; this, indeed, occurred in the spring. The increasing proportion of sales that baby cars and light vans now form will have reduced the value of turnover more sharply than its volume.

The decision to leave the dividend unchanged, even though it is barely covered, suggests that more optimistic views of the future are now being taken at Longbridge. Production schedules have been set at 15,000 vehicles a week until the end of January though recent changes in models have kept production below this level in the last few weeks. But production at this rate must involve a good deal of stockbuilding, though this is usual in the winter months

and after the introduction of new models. BMC appears to have raised its share of domestic sales, from about 40 per cent to about 45 per cent, in the last three months, but this build-up in stocks could be a source of trouble if sales fail to rise by January. Dealers might then refrain from ordering more cars until their own stocks had been reduced. This would place BMC in the same predicament as it was in the autumn of 1960; but any dip in sales is likely to be less than it was then.

The choice of Mr George Harriman to succeed Sir Leonard Lord as chairman was expected. He had been groomed for many years by Sir Leonard as his successor. The direction of BMC thus remains in the hands of a production engineer at a time when the company has to face the problems of starting up the new factories that constitute its expansion programme. But he is taking over a company with a very different image from that of the combine Sir Leonard formed: one which now recog-

nises the importance of the design engineer, and one which has pioneered technical innovations.

OIL

Enter ENI

HERALDED by scare stories and a Parliamentary question suggesting that it had made yet another frightening deal with the Russians, the Italian state gas and oil concern ENI finally appeared in the British gasoline market this week—saying that it hoped to begin marketing oil products here in 1962 provided it can build a terminal by then at one of several sites which it is considering. Mr Charles Forte, who is announced as chairman of AGIP Great Britain, the British company that ENI established some months ago, with Signor Enrico Mattei, ENI's dynamic boss, as deputy

chairman, said the group now has 70 sites for the building of service stations. But he added that it will not compete in price with the major brands, and will sell on "quality and service." Mr Forte added that the products brought in for AGIP stations would not be refined from Russian crude; and that later, when ENI hopes to build a refinery here it would refine crude from oil-fields where the group itself is producing oil. He added that ENI would like to get the same share of the British market as Shell Mex and BP have of the Italian—"perhaps 25 per cent."

The appearance of ENI on the British market has come when filling stations offering cut-price petrol are becoming an increasingly familiar sight on British roadsides. If one includes the French company, Total, which does sell its petrol at the regular price, some two per cent of retail petrol sales now go under unfamiliar names. Jet, the pioneer of cut-price petrol sales, now claims 400 filling stations—more than one per cent of

Methane Wins its Way

NEITHER the Gas Council nor Conch International Methane are even now prepared to state the price at which liquefied natural gas will be landed in Britain under the scheme that finally received ministerial approval last week to import 700,000 tons of it a year, or 354 million therms, for use in Britain's town gas system. With the rather complicated company structure to be employed in the shipping operation, it could even be that no c.i.f. price as such appears in their contracts; even the estimate of landed cost which the chairman of the Gas Council gave in confidence to the Select Committee on Estimates earlier this year included a provision for contingencies and a small element of profit for the Gas Council itself. However, keeping mum about the price has served the partners in methane extremely well in their recent months of political catch-as-catch-can with the National Coal Board and of competition with other potential suppliers of imported hydrocarbons for British gas supply: the other side have never known quite what price they had to underquote. And if some of their rivals' guesses that the landed cost estimate for methane will in fact be about 5.75d. a therm, these partners remain wise not to disclose it publicly; offers of naphtha and even propane have been made for significantly less than that.

Quite a cluster of companies will be involved in importing this natural gas. First, it is produced at the Hassi R'Mel gasfields in Algeria by CFP Algeria, and moved 300 miles by pipeline to a liquefaction plant at Arzew which will be built by CAMEL, a company jointly owned by this company, S.N.Repal which is another semi-nationalised French petroleum firm operating in

Algeria, and Conch (of which Royal Dutch/Shell owns 40 per cent). The two specialised tankers that will carry it liquid to Canvey Island will be built by Vickers and Harland & Wolff, one for Conch and one for a British shipowner. They will be let on bareboat charter to British Methane Ltd., which is owned half by the Gas Council and half by Conch. Then British Methane Ltd. will have the ships actually operated by a company experienced in coal and oil shipping, which will be paid a management fee.

SOME complication of ownership indeed will ensue in the handling of the gas after it is pumped out of the tanker. The tanker terminal and special refrigerated tank farm for this liquid gas (at minus 258 degrees Fahrenheit), Sir Henry Jones said last week, will be owned by the Gas Council. He said that the Council would also own the gas as pumped through the 18-inch pipeline running up to the Midlands, and would sell it to area gas boards as methane into gasworks. The area gas boards would then convert it for use as British town gas in one way or another. An official Gas Council statement said that each area board "would be responsible" for that part of this new 18-inch main running through its own area, and Sir Henry said that each board would in fact own its relevant section of the line. Presumably, in that case, the Gas Council will pay these owners for using the line, offsetting these charges against the final price it charges the area boards that will take the gas. But in any case the gas boards will get the methane for 7½d. a therm. Degrading it to British town gas (of half the calorific value in terms of volume) will bring this

up to 8½d. a therm ex gasworks (before distribution through the mains) against about a shilling a therm from carbonisation plant.

The Minister of Power's announcement last week marked defeat for Lord Robens in his efforts to delay a decision on methane until cost figures for large scale Lurgi generation of gas were available from the joint study that the Gas Council and the National Board agreed to make early this year. His statement last week-end that this study could give results in three months sounded rather optimistic. The gas and coal negotiators have not yet even finally agreed all details of the specification to be given to the contractors whom they have commissioned to do design studies for them; one had hardly have expected a report before well into next summer.

Sir Henry Jones, last week, continued to insist there was no conflict between the methane deal and the Lurgi proposals. This, again, may be too polite. Technically, one can mix rich, cheap methane with lean, and more expensive Lurgi gas to make British town gas: whether this is the most economic thing to do with rich imported hydrocarbons, though, is another matter. From the outside it still looks as if the methane deal, with a pipeline that could eventually deliver much more methane right up to the Midlands than is proposed initially, will probably preclude further development of Lurgi gasification. Coal appears to have been quite out-maneuvred in this battle; mainly perhaps because Sir James Bowman never took any interest in the Lurgi process, considering that gasification was not coal's business; so that by the time Lord Robens did take a real interest the methane project was too far advanced and the Lurgi enthusiasts lacked firm and incontrovertible figures.

707th Heaven



FAMILY IN FLIGHT... You're coming with Mummy and me to visit your Granny, Daddy said. In a great big Rolls-Royce 707. So I told my school-friends. I'm going to fly Air-India (stuck-up thing! said one). I shall sit on a seat of purest gossamer, with millions of jewels all round me (you're ugly! said another) and be served with big helpings of jelly on gold plates (piggy! said another). And I shall be escorted on and off the plane like the queen of all the world. And my luggage will be carried by handsome princes (big head! shouted my best friend). I don't care. I shall fly like this to

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THE KETTLE AND THE MONEY-BOX

an economic fable

ONCE UPON A TIME a kettle and a money-box lived together on the mantelshelf of a farm-house kitchen. The kettle led a busy life. He was always being taken down from his place and set on the hob to boil up water for tea or for scrubbing. In fact, he started to feel he never got a moment's rest. So he began, as a way of relieving his feelings, to jeer at the money-box.

"You," said the kettle, "are nothing but an idle good-for-nothing. There you sit, with a silly smile on your face, swallowing up the money the farmer's

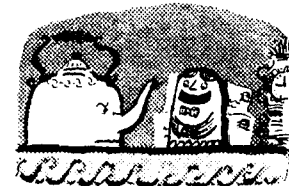


wife brings you. I can't see why she does it. You ought to get an honest job."—"I already do an honest job," said the money-box, as gently as he could. "Well, you tell me how," jeered the kettle. "As far as I can see, you're just something more to be dusted."

"Tell me," said the money-box, "do you remember the time when the farmer's wife left you on too long, and you boiled bone-dry and had a hole burnt in you?"—"Do I not?" said the kettle feelingly. "But I didn't see you hopping off that shelf to bring help."—"How do you think you got yourself mended then?" asked the money-box. "They sent me off to the tinker," said the kettle. "And that cost money, I imagine?" said the money-box. "Of course it did."—"And where do you think the money came from?"—"I didn't ask," said the kettle a bit huffily. "Well, it came out of me," said

the money-box triumphantly. "That's one of the things I'm for. I make sure there's always money to spare when things go wrong."

"I can't see that getting one poor old kettle out of a bad spot is much to boast of," said the kettle. "It isn't—but think of all the other things I help with on the farm."—"You're just used for things for the house," said the kettle rudely. "You don't keep your eyes



open," said the money-box. "A lot more goes into me than is needed for mending you. The money doesn't just lie there either. I'm emptied every week. And then the money's used for buying all sorts of things that make the farm yield more. The farmer's new plough this spring came out of me."

"What an altruist!" sneered the kettle. "Well, if doing an important job properly—helping you, and the farmer's wife, and the farmer himself, is altruism, I suppose I am," the money-box agreed placidly. "But after all, saving's what I'm for—and I reckon I earn my keep if I'm left to get on with it. Just as you do, and all those saucepans and frying pans with you."



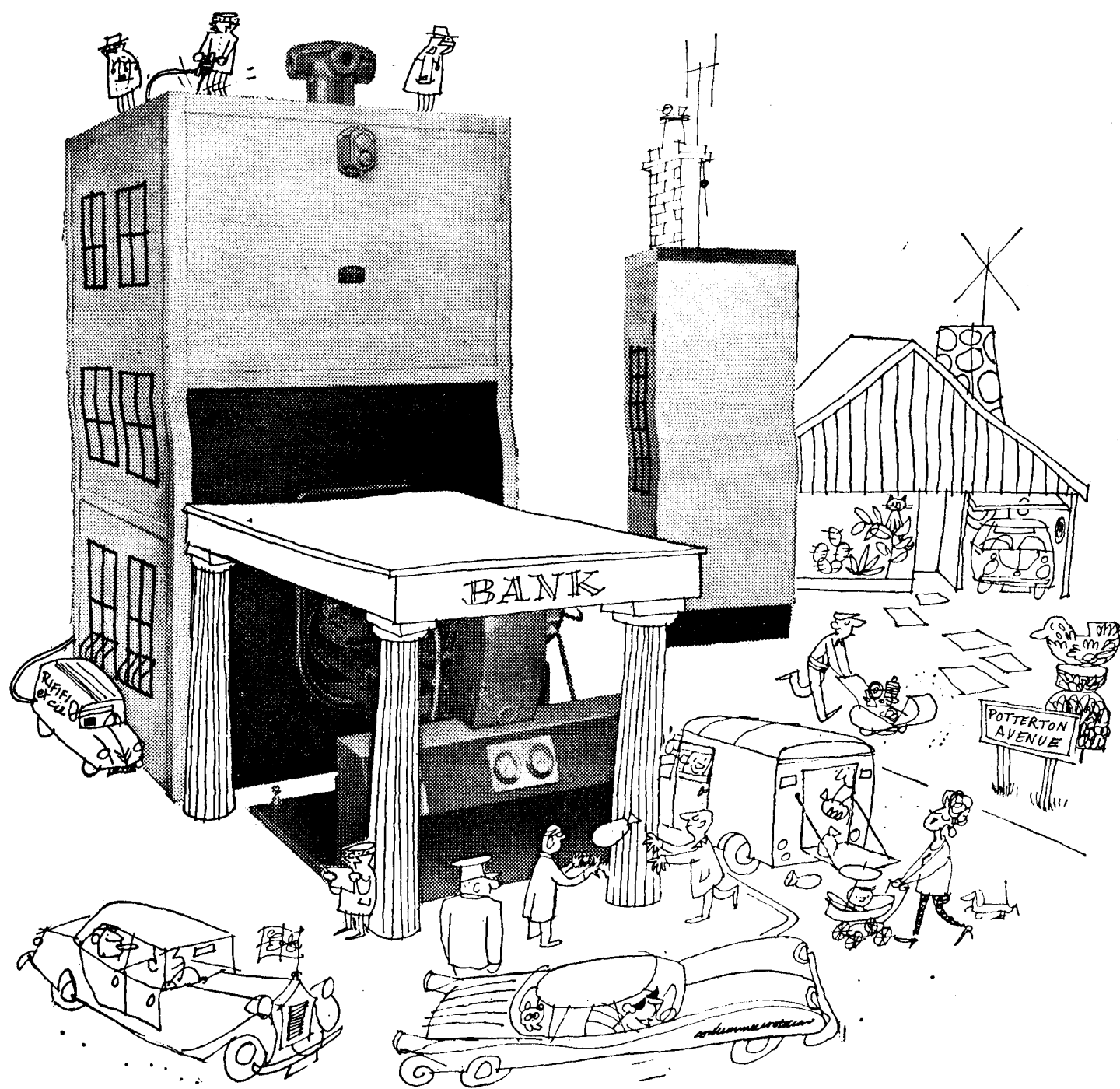
Then the farmer's wife came hurrying in and popped another penny in his mouth.

MORAL:

The best way of knowing a job is to do it for a living.

* * * * *

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THE ECONOMIST NOVEMBER 11, 1961

the total. It differs from the other companies selling cheaper petrol in that it imports its supplies itself; this was always its practice, even before it was bought by the American company, Continental Oil. Total also imports its own petrol, but the other cheap brands such as Octane and VIP are supplied by various established importers.

Now that ENI has arrived, just behind the American Murphy Corporation, the effect on the majors may become more noticeable. But they still control something like 97 per cent of the filling stations through dealing contracts or in some cases ownership; they are not likely to notice it much until their retailers' existing contracts expire. Station operators may well benefit more from this competition than the final motoring customer: petrol stations are one of the scarcest commodities in the oil industry today.

PLASTICS

Down with Dumpers?

THE application for an anti-dumping duty on imports of American polythene that Imperial Chemical Industries has put in motion, and which Monsanto has decided to support, canalises the resentment that the British industry feels at being less protected than its rivals. The British duty on plastics is 10 per cent, while the United States charges roughly 42 per cent on polythene. So British producers complain that it is difficult for them to retaliate in the usual manner by dumping back in the American market, whereas one British producer of synthetic rubber is said to have scotched an attempt to sell Italian SBR cheaply in Britain by dumping a consignment there last summer. Dumping is in effect the normal practice of the plastics industry; its cost structure is so top-heavy that it pays to sell its marginal production at anything more than its direct cost. The complaint against the Americans seems to be that it is in some way immoral to do this in another producer's home market—or that they are selling at prices that do not even cover their direct costs. Italian companies are said to be selling polythene in Britain at 1s. a lb, which certainly seems unlikely to do so.

The timing of ICI's move, after it has brought the price of polythene down from 2s. 2d. to 1s. 6d. in a year to match the falling American price, can best be explained by a feeling that its back is against the wall. If the price goes lower, its profits are likely to become marginal. And the continuation of cut-price exports by the United States, despite the recovery of demand in its home market, has been a reminder that this situation is likely to last. The decision of the French customs to impose an anti-dumping duty of about 5½d. a lb on polythene being imported by Spencer Chemicals of Texas may have sparked off the decision, by raising the fear that this polythene which

BUSINESS NOTES

had been going to France would start coming here.

The plastics industry has managed to grow fast despite its unprotected state. Now that it has survived its infancy, does it need or deserve protection to let it return to the comfortably fat profit margins of its youth? The industry likes to believe that high prices can speed growth by allowing it to do more research on new applications, and argues that it may have to cut expenditure if its margins do not improve. Establishments such as the new technical service and development laboratory that Shell recently opened are an expensive overhead; this one cost £400,000. But an economist may be excused if he wonders whether lower prices are not the most effective means of expanding the markets for materials that have to win new uses by replacing old ones.

DECIMAL COINAGE

En Principe?

LAST spring the Chancellor of the Exchequer parried the growing pressure for introduction of decimal coinage by promising a considered statement by the end of the year. Now that this is approaching some commentators have concluded that the go-ahead will then be given. Unfortunately this is far from certain. It is true that Government spokesmen in the House of Lords indicated early this year that the great majority of representations received by the Government by then favoured a change. It is known, too, that the Chancellor discussed the matter with his counterparts from Australia and New Zealand at the otherwise unhappy finance ministers' conference at Accra. But there was no firm suggestion that the three countries should make the change simultaneously. Indeed, Mr Lake of New Zealand has declared that he would not recommend his government to make the switch while the overseas exchange position remains as it is. The British Government would presumably have rather greater difficulty in invoking its external difficulties as a reason for delay: most of the estimated cost of £100 million plus for conversion of accounting machines would be spent inside Britain.

Even this domestic cost, however, may make ministers flinch at present—it will certainly disturb Mr Brooke. There are indications that the most than can be expected is for Mr Lloyd to announce that the Government accepts decimal coinage in principle—but that it cannot be expected to make a start at this difficult time. This would be a clear misjudgment. It was Gladstone who said that the weight of evidence in favour of decimal coinage was irresistible. Today decimal money is by no means irrelevant to Britain's external task. It would have a much needed psychological effect on the British public, and it would remove a hindrance from British exporters. Finally, and not least, the international position of sterling itself provides the strongest and

most urgent reason for reform: it cannot be assumed that the world will continue to put shillings and pence through its decimal-gear accounting machines for ever.

ATOMIC SHIPPING

Thumbs Down

THE Minister of Transport was right to have turned down plans for subsidising the construction of a nuclear powered merchant ship, right to throw the ball back to the Atomic Energy Authority for further research, but culpably wrong in the way that he handled the whole affair. Why, in the first place, did Mr. Marples ever invite tenders from industry for a nuclear tanker when the full weight of the AEA's technical advice was against the project? Why, having received tenders from five separate groups (which have spent, individually, as much as £80,000 in preparing the tenders and a good deal more in preliminary research), did he wait ten months before throwing them out? The scrutinising committee of experts reported to him as long ago as February but the Government's decision to reject the tenders was made known only last Wednesday although industry had long realised which way the penny would drop.

The arguments against building a nuclear ship at the present time are simple; none of the reactors that can at present be built are efficient in sizes small enough to fit inside a ship's hull. The running cost of a nuclear-powered tanker might not have been significantly different from the running costs of an oil-burning one, but the capital cost would have been close to £12 million for a 65,000 ton vessel which is perhaps three times the cost of a conventional tanker of the same size. There might still have been some justification for building a nuclear-powered tanker even at this cost if, like Calder Hall, it would have served as the prototype for later, more efficient versions. But although industry argues that this is, indeed, what would have happened, the Atomic Energy Authority has repeatedly argued that nuclear ships of the future will be driven by reactors radically different from any now available. Belatedly, the Government has accepted this advice and told the AEA to go ahead with research into new breeds designed from the outset to be competitive in small sizes. Although industry submitted tenders knowing that the tanker might not be built, this is one case where the Government might consider paying some compensation for wasted work or at least, like Cunard, of compensating the tenderer who might have been successful had the ship been built.

STEEL

Down Again

STEEL production in October was at the rate of 382,200 tons a week, which was 4½ per cent lower than in September and 23

per cent below the peak levels of output last year. But the Iron and Steel Board thinks that the actual drop in output between September and October was entirely due to the strike at the Steel Company of Wales; and though in the third quarter of the year, consumers' stocks of steel appear to have fallen more than in the second, some steelmakers feel this rate of stock reduction cannot continue.

The uncertainty here, perhaps, lies in the rate of actual consumption of steel—which appears to have been no better than level since the beginning of the year. Motor output is probably holding up better than the industry's steel suppliers would have expected; but demand from the capital goods industries, except for the construction industries, may now be not quite as strong.

STAINLESS STEEL

Finding Its Place

THE 1950s saw stainless steel begin to find large-scale uses, 40 years after its discovery. By 1960 production had reached 220,000 tons a year, treble that of 1950; the industry estimates that it will grow little this year, but reach 280,000 tons by 1963. With this growth record and hopes, it is not surprising that Firth-Vickers should be planning to spend £4,375,000 over the next three or four years to modernise its plant for making sheet and wide strip. The company claims that it accounts for 40 per cent of British stainless steel output, so the expansion in demand should have been profitable for its joint owners—the English Steel Corporation and Thomas Firth and John Brown.

The growing use of stainless steel seems to have been spread over domestic and industrial applications. The former now take about 40 per cent of output; the popularity of such relatively large units as stainless steel sinks as well as pots and pans help to swell the volume used. As with car trim, another application that is beginning to take significant quantities of stainless, better ways of fabricating the cheaper and brittler grades have made such uses possible. This material previously could not be pressed.

It is in fact more a chromium iron than a steel. Chemical plant and atomic energy installations have also been big users of stainless steel. The heavy capital expenditure of the chemical industry and its need for corrosion and heat resistant materials make it a natural market. In atomic energy many of the same conditions apply, but resistance to radiation counts for much as well: hence the use of thick plates of stainless steel as the casings of atomic reactors. The nuclear power station programme has been a blessing to the stainless steel producers.

How Sterling Nearly Floated

LORD BIRKENHEAD's official biography of Lord Cherwell, reviewed on page 541, contains the most fascinatingly full account that has yet appeared of the three occasions in 1952-53 when Britain came within an ace of setting the sterling exchange rate free to float. When the Conservatives came to power in October, 1951, they at first met the speculative run then in progress against the pound by pumping out dollars from the reserves, by imposing physical restrictions on imports and by persuading other sterling area countries to restrict imports too. But, says Lord Birkenhead, the view soon began to gain ground "both in Whitehall and Threadneedle Street" that a better alternative way out of Britain's difficulties would be to stop supporting the fixed sterling parity, to let it drift downwards "until the demand for pounds equalled the supply of them," and thus, in a phrase which soon became the battle-cry of one group in the Treasury, to "take the strain off the reserves and put it on the rate of exchange." Because it was felt that no one would hold a currency that suffered from the two disadvantages of inconvertibility and a fluctuating dollar value, it was proposed that current earnings of sterling accruing to non-residents of the sterling area should simultaneously be allowed convertibility into dollars; but tight exchange controls both on residents of the sterling area and on nine-tenths of the sterling balances accumulated in the past would remain. This double-headed plan became known as "Operation Robot"—reputedly, although this is not mentioned in the biography, in honour of the three Treasury and Bank of England men (Sir Leslie Rowan, Sir George Bolton, Mr Otto Clarke) who had mainly conceived it. Moreover, the essence of Robot was that it should be sprung on the world suddenly, after only a minimum of consultation with the Commonwealth and the United States.

There is not the slightest doubt that Operation Robot would have been accepted, first at a hectic cabinet meeting of February of 1952 and then in a slightly modified form at a cabinet meeting in June of 1952, had it not been for the opposition of Lord Cherwell. But Cherwell, although nominally only Paymaster General, had taken up residence on the top floor of No. 11 Downing Street (the Chancellor, Mr Butler, had chosen to continue to live in his own house in Westminster); and the "Prof" was thereby enabled to keep on popping through the communicating door to No. 10, and to maintain his wartime position as principal economic adviser (and, indeed, as inter-

preter of all economic jargon) to Mr Churchill. Thus it was, after a "fearless struggle," that the death of Robot was brought about, and that the "Prof" saved the fixed parity of the pound.

AFTER the defeat of Robot at the cabinet meeting of June, 1952, the opposing schools turned to two different plans. Lord Cherwell—aided by his brilliant backroom economist, Sir Donald MacDougall—conceived his plan for an Atlantic Payments Union, designed to bring the United States and Canada into the European Payments Union; the main trouble about this plan, which was also being sponsored (independently and in a somewhat different form) by *The Economist* at the time, was that the United States would not wear it. The ex-Robot planners turned to their scheme for the "collective approach" to convertibility; under this Britain was still to proceed as quickly as possible to a floating exchange rate for sterling and to a slightly wider system of non-resident convertibility, but only after getting a big loan from the United States and on the understanding that three continental countries (France, Belgium, Holland) should go convertible too. This "collective approach" was accepted as Britain's official policy, and in March of 1953 Mr Eden and Mr Butler took the scheme out to Washington to ask for the support of the new Eisenhower administration; but America was unwilling to offer any loans, and the project died.

Lord Cherwell's biographer says that the full details of this "mighty battle" cannot "unfortunately yet be told"; but confirms that if the battle had gone against him Cherwell "would almost certainly have resigned." Actually, the main details that are not told in this book are probably those about the other cabinet ministers who were hurling threats of resignation about at this time; the backstage journalists' assumption in 1952 was that the leader of the pro-floating-rate group of ministers was Mr Butler and that the second-in-command of the anti-floating-rate group was Mr Macmillan. In the end, Britain went convertible with a fixed rate: if the floating rate had been accepted in 1952 or 1953 convertibility might have been achieved much sooner, and the recent economic history of Britain might have been much more dynamic. As it is, the burden of maintaining one of the world's key currencies under a regime of fixed rate convertibility has made it much more difficult to move to floating rates in future.



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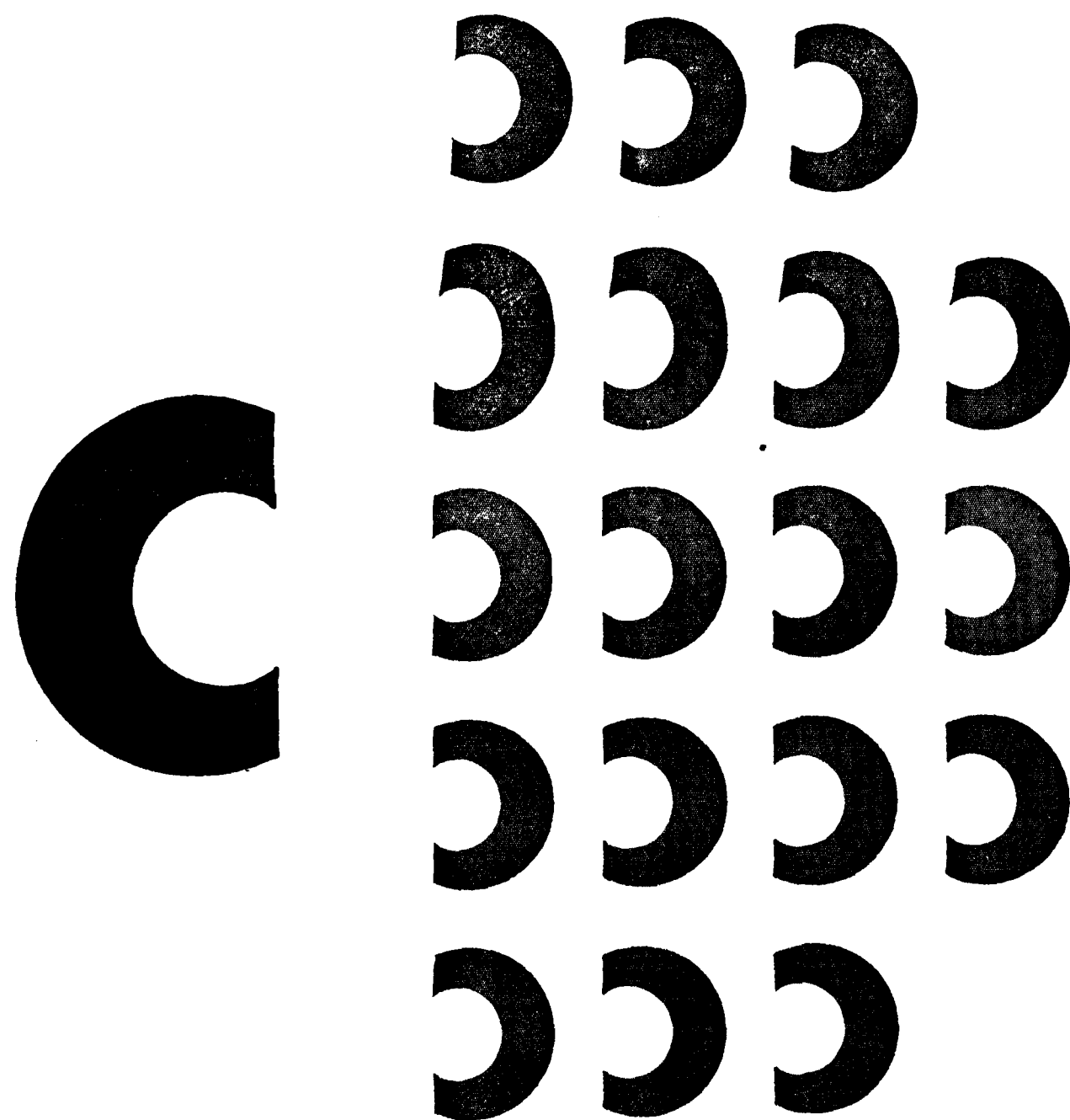
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TAXING BENEFITS**The Fuel Bill**

ONE further round between the Revenue and the taxpayer on the subject of benefits in kind was fought in the Chancery Division this week when Mr Justice Cross decided the case of *Butter v Bennett* in favour of the Crown. As an employee Mr Bennett was required to live in a house provided by his employers and it was in fact necessary for him to live there for the proper performance of his duties. The special provisions regarding the taxation of the expenses and benefits of directors and of employees earning more than £2,000 a year do not apply to expenses incurred by a company in, or in connection with, the provision of living accommodation if the employee is required by the terms of his employment to reside there in order to perform his duties properly.

The question at issue in the *Butter v Bennett* case was whether the cost of coal, heating, lighting and garden upkeep came within this exemption—could it be said to be incurred in connection with the provision of living accommodation? Mr Justice Cross decided that it could not and that all that was covered was the cost of providing and maintaining the house qua house, and not the further costs of upkeep which on a contrary view might cover not only heating and lighting but also furnishings and cleaning.

The case is of limited application. It does not cover houses provided as a general amenity for directors or employees but is confined to representative occupiers in those classes of trade where it is necessary for employees to live on the premises—bank managers, lodgekeepers, level-crossing keepers, colliery managers or the like. Alternatively, it applies where it was a common practice for at least twenty years before 1948 in a particular trade to provide certain employees with accommodation in order that they might carry out their duties properly. Such persons are, under the *Butter v Bennett* decision, entitled to occupy their house rent free, but to nothing more.

SCOOTERS**In the Cold**

THE price cuts of £13 to £34 that Lambretta has made for the period from now to Christmas are a sign of the troubles of scooter trade. It has never really recovered from the effects of the hire purchase restrictions of April, 1960, which caught it with high stocks and past the peak of its boom. And sales this year seem to be a third lower than those of 1960. For more than a year it has been suffering from indigestion; and this action by Lambretta is its attempt to clear the decks for 1962. Imports of scooters in the first eight months of

this year were only 25,000, little more than a third of the number brought in a year before and equal to British production. The drastic price cuts that Vespa made last May will have improved its competitive position in relation to the more popular Lambretta and so helped to keep up home output. This unexpected success of the British manufacturer—even if largely that of the producer of an Italian design—has helped to make Lambretta's position so awkward; despite the drastic cut in imports, stocks are unlikely to have fallen this year. The happy days of rapid expansion seem to be over for the scooter in Britain. They are bought by the young, and the proportion of those who want one seems now to be approaching stability. Scooter salesmen will have to accustom themselves to the sort of market that their confrères selling cars know.

CREDIT TRANSFERS**Catching On**

SLOWLY and still rather tentatively the British public is taking to its new facilities for transferring money. The clearing banks have now embarked on their major advertising campaign explaining how the new credit transfers work, and bank managers report a modest though not yet dramatic response. The first people to convince are the organisations that send out the bills, for the new system can be used economically only if their invoices incorporate a credit transfer slip. Many gas and electricity authorities were already using this system, and the new publicity has now persuaded some of the rest to come into line. Private firms seem to be rather slower, and even some of the big hire purchase companies, for whom the scheme is particularly suited, have been slow in adapting their administrative machinery.

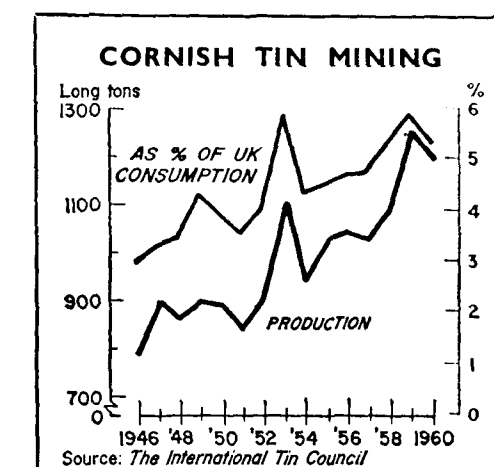
The increasing use of credit transfers is reflected in the figures of credit clearings passing through the Bankers' Clearing House. In October these touched a new peak of £469 million, nearly four-fifths higher than a year before. This is about 10 per cent of the value of cheques cleared through the general and provincial debit clearings, which is not a bad start; the addition of the town clearing, which is heavily weighted by City transactions, brings the total debit clearing to £22,000 million.

BUTTER**Not Yet According to Plan**

AFTER a tedious charade of abortive negotiations with exporting countries, Britain has at last come to the point of dealing positively with the problem of imports of dumped butter. The President of the

Board of Trade has announced that the interim solution for the six months to March 31st that received GATT's blessing at the last international butter wrangle will be enforced. If exporters do not comply, an anti-dumping duty will be levied, where necessary, after obtaining GATT's approval. In the meantime, countervailing duties, which do not require GATT's consent, might be imposed. Countervailing duties can be imposed to offset "any bounty or subsidy bestowed directly, or indirectly, upon the manufacture, production or export of any merchandise," and in practice will probably be equally effective. Similar action will be taken against any exporters not yet dragged into these discussions who try to dump butter here during this period.

The GATT plan for restricting exports—of which the details remain shadowy—has been accepted by Denmark (43,000 tons), the Netherlands, Australia (42,000 tons) and New Zealand (93,000 tons). New Zealand, with its legitimate doubts about accepting any form of restriction, is able to accept the plan because its allocation is "in line with the existing shipping programme." The same can apparently not be said of Argentina's rumoured allocation of 5,000 tons and France's share, which gave it a "disagreeable surprise." The plan must obviously be made effective soon; six weeks of the six months' period have already slipped by. The matter will certainly crop up once more at the coming meeting of GATT. Last week's action has already enabled New Zealand to raise the wholesale price of its butter by 10s. to 260s. a cwt.



A hundred years ago, the tin mines of Cornwall and Devon supplied a third of the world's needs: Cornwall now mines only about one half of one per cent of world production. Today, most tin comes from more easily worked alluvial deposits, but in Cornwall, tin is mined from granite at depths down to 6,000 feet. Because tin is scarce—the price is once more above £970 a ton—some people think this is a good time to open some of the 1,500 abandoned mines in Cornwall, and to increase output of South Crofty and Geevor, the only two Cornish tin companies still in operation.

SPACE RESEARCH

Amber to Green

DELEGATES left Lancaster House for home last week-end carrying in their brief-cases the agreed draft of what is, for all practical purposes, a common market space plan. Of the countries that took part in the original discussions, Norway, Sweden and Switzerland bowed out and attended the Lancaster House meeting merely as "observers," leaving as the only countries outside Britain and the Six, Australia—whose Woomera launching range is vital to the plan—and Spain.

The plan—there is no agreed research programme—provides for the development of a satellite launcher engineered around Blue Streak, to be ready for firing in 1965. It is up to the scientists in the meantime to decide what they want to do with this massive launcher once it has been built. Some of them eye it today with the dubious enthusiasm of one about to receive the gift of a voracious white elephant; not many purely scientific experiments (other than some astronomical ones) want a rocket as big as the one under discussion, which they fear will eat large holes in their scientific budgets. But with each month that passes it becomes clearer that however good its intentions, the United States has not the facilities to launch research rockets for other

people; it already has a queue of American scientists waiting to use the launching pads that are available.

The driving force behind the Blue Streak plan comes from those who feel, as Mr Thorneycroft explained last week, that this is Europe's last chance to get into the rocket launching business, which is potentially capable of widespread repercussions throughout industry and communications—or of proving a flop.

To the eight other countries now studying the draft convention, it is also the last opportunity for getting into the business at bargain prices, since more than half the investment required to go into space has already been provided by Britain in the preliminary development of Blue Streak and

TRANSPORT BILL

Railways without the Clutter?

FEW of the 91 clauses of the new Transport Bill that the government "laid" in the House of Commons last week depart significantly from the blueprint of its intentions to unscramble nationalised transport that was provided in the white paper of December last year; and those, like the blueprint itself, appear to be pragmatic rather than doctrinaire. It is a fairly massive and complicated bill, designed primarily for a simplifying purpose: to separate out Britain's railways into a reasonably manageable entity, and to remove some of the statutory inhibitions that have hitherto prevented anyone managing them effectively.

The Ministry of Transport hopes that it will have its second reading and possibly get into committee by Christmas. There is plenty of meat in it for detailed argument in committee; the longest discussions, indeed, are liable to come over one of the least important parts of the bill, when the canal lobby gets to work on the new proposals for inland waterways. But it is hoped that "vesting date" for the transfer of assets to the new railways and other boards can be January 1, 1963. Then, after 18 months of running the moribund commission and building up what might be called a "shadow" railways board, Dr Beeching will eventually enter upon his appointed heritage.

The Railways Board, of which he will become chairman, will have here and there rather more power left to it than the government, in its first enthusiasm for decentralisation eighteen months ago, originally quite intended. Not only are the railway hotels not to be denationalised, as some Tory back-benchers hoped before the white paper was published.

They are not now to be placed, as the white paper suggested, under the transport holding company that is to be formed to run the bits and pieces of transport that cannot be readily allocated to railways, London Transport, the docks or the waterways boards; the hotels are to be left in the ownership of the railways, though managed by a subsidiary hotels company.

Nor does this bill include any mention of regional railway accounting. Six regional railway boards are to be set up, appointed by the Railways Board, and exercising such powers over railway operation in their areas as the Railways Board decides to delegate, "on lines settled from time to time with the approval of the minister." In fact, the present regional railway authorities, the ministry, and Dr Beeching are proceeding as fast as possible in developing an effective system of decentralised accounting. But the scope—and the limitations—of this can only be worked out in practice, not put as principles into a bill.

FINANCIAL differences between the white paper and this bill, however, are more apparent than real; they arise mainly from the over-simplified rounding of figures, used in the white paper and from the sheer passage of time during which the railways are not ceasing to spend—or to lose—public money. There have been revisions to the estimates of the railway capital that will be written off (from £400 million to £475 million), and of the amount to be placed in a suspense account (from £800 million to £650-700 million).

At the end of 1960, the ministry could

reckon the capital debt on which the railways would have to go on paying interest as, then, about £400 million; but by the new vesting date, two years more investment and depreciation, quite apart from the detailed separation of other transport assets, will have taken place and the bill understandably embodies no estimate.

So far as current deficits from now on are concerned, this bill will give the government power to lend the Railways Board up to £450 million over the next five years, until it can hope to meet its reduced capital charges (and the Inland Waterways board, similarly, up to £10 million). These boards, like the others created under the new bill, will be given the ordinary statutory duty of a British public corporation to cover or ensure that revenue shall cover all charges "taking one year with another"; but special clauses will exempt them from this duty for the first five years from vesting date.

Under the new bill the common carrier and other statutory obligations on the railways are swept away, and only London fares will remain subject to the Transport Tribunal. Coastal shippers alone will retain any right to object to railway fares charged in competition with them; and even here the minister will promise only to examine complaints *post facto*. The railways' freedom to close uneconomic lines, again, is increased, though this is not too bluntly stated. The railways will have to consult area transport users' consultative committees only when cutting out passenger services, not over freight. The area committees will send their views direct to the Minister, cutting out further delay in consideration of the issues in a central consultative committee. And consultative committees will be able to offer their views only where they feel that hardship is being caused, about alternative courses of action to alleviate this—not to argue, for example, about the railways' cost accounting for the line in question.



*Did I hear you mention
'The Silent Service', Fortescue?
You did, Sir Henry...*

I presume you were referring to the bearded Commander behind us, who is consuming his oysters with such evident relish.

Personalities were not involved, Sir Henry. I was merely directing your attention to the greatly increased air of quiet luxury our favourite restaurant has acquired since Cullum have installed acoustic tile ceilings.

Waiters padding softly... the disturbing "slurp" of soup reduced to a minimum, you mean? Wonderful, I agree. Even a cascade of crashing crockery would now scarcely distract one from the delights of Gaston's Sole à la Bonne Femme!

Remarkable, is it not, that Cullum's ceilings, by eliminating so much unwanted noise, are not only an aid to business efficiency—but also digestion!

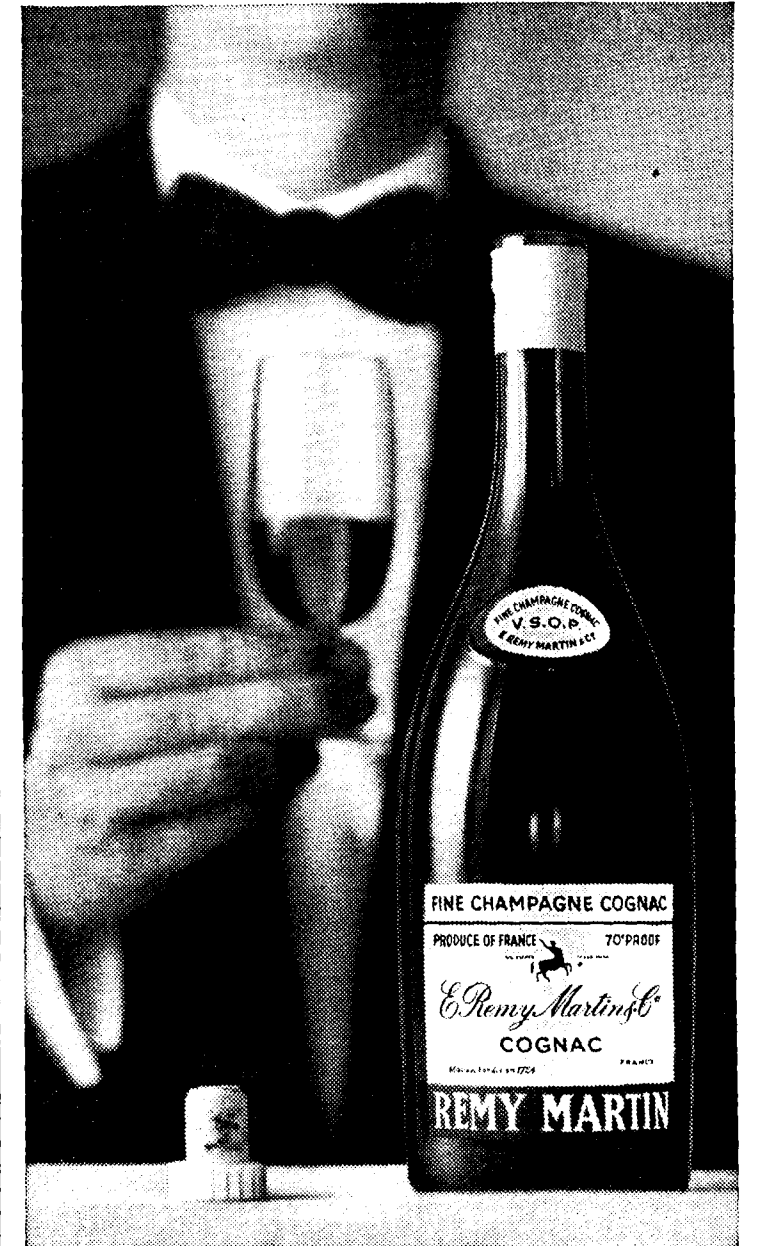
But then, as we know Fortescue, Cullum are a very remarkable organisation. No wonder they installed over 2,000,000 sq. ft. of acoustic tiles, last year alone!



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PRIDE OF COGNAC

REMY MARTIN

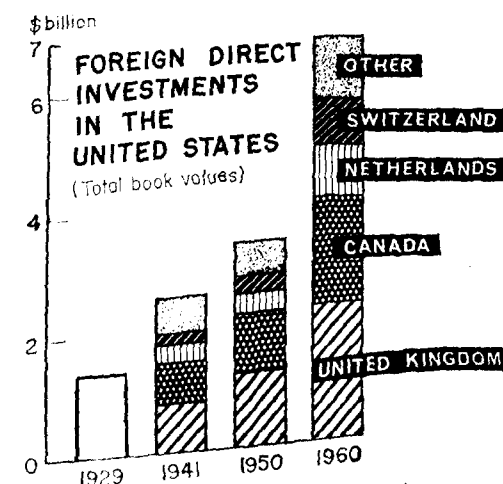
the specially instrumented Woomera range. The most significant part of the draft convention is therefore that section which provides for detailed study of advanced launching systems to replace Blue Streak. These might take ten or more years to develop. It would be premature to assume that the lion's share of any development work on them would again go to Britain, but the future of any rocket industry depends on some contracts of this kind being handed round.

OVERSEAS INVESTMENT

The Dollar Balance

IN a survey of foreign direct investment in the United States, the first of its kind since 1941, the United States Department of Commerce reveals that Britain's stake in American business at the end of 1960 amounted at book values to \$2,248 million—not far short of the \$2,475 million of direct investments that United States companies have made in Britain. According to these figures, just under half of the investment by British companies in the United States will have been made in the last decade; in 1941 the book value of Britain's stake in US business was only \$712 million and in 1950 it was \$1,168 million. Britain now accounts for roughly a third of all foreign investment in the United States; it is particularly important in insurance, where its investment of \$900 million accounts for over half of foreign investment in finance and insurance together. Britain's other large stake is in oil; here British investment of \$300 million accounts for about a quarter of the foreign-owned total.

While the total book values of direct investments that Britain and the United States hold in each other's economies are roughly equal, there is a wide difference in earnings. Figures compiled in Britain by the Board of Trade put earnings of British branches and subsidiaries in the United States in 1960, excluding the \$1,200 million invested in oil and insurance, at \$46 million, while the earnings of United States companies in Britain in the same year, again excluding oil and insurance which amounted to about \$600 million, were \$269 million.



BUSINESS NOTES

Thus excluding the oil and insurance element (and insurance business in the United States has not of late been very profitable), Britain's proportionate earnings were still appreciably smaller than those of the United States. In general, indeed, United States investment abroad tends to be more profitable than foreign investment in the United States. The Department of Commerce puts earnings on the \$6.9 billion invested in the United States at \$385 million. American earnings abroad are ten times higher, on an investment total valued four times higher.

JUTE

Brisker Business

JUTE is getting back to normal: some growers are complaining once more that prices are too low, while many manufacturers believe that they could with advantage be lower still. A year ago, nearly everyone in the trade agreed that prices were too high, and Pakistan, which is practically the only source of raw jute for the outside world and which appears to have been pursuing a mildly restrictionist policy in recent years, rather self-consciously took all possible precautions against a repetition of last season's crop failure.

Pakistan's new crop will probably be more than a third larger than last season's, and a comparable improvement is expected in India. The best quality jute has fallen about £80 to £128 a ton since March, dispelling the unhealthy unanimity about prices that was a symptom of last year's jute famine. A sizeable surplus of jute is required this year to make good the depletion of stocks

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during the past two seasons, but Pakistan and India seem to be anxious to prevent the otherwise welcome reaction in prices from getting out of hand. Now that fresh supplies of jute are reaching the trade, Indian mills have restored cuts in their working hours and restarted some looms which were sealed to preserve jute. Prices of jute goods have been reduced and business has begun to move more freely. This has enabled Dundee to get back on its feet again, and the short-time working that occurred early this year is now a thing of the past. But prices are still comparatively high; the cost of a typical hessian cloth in Calcutta has fallen by a quarter since February, but is still 10 per cent higher than a year ago. As yet there is little obvious sign that any permanent damage has been done to jute by high prices, but it might not be all that long before some effects begin to show.

The proverbial jute sack certainly seems to have come through this ordeal unscathed. West of England Sack Holdings, a sack hire group which owns 13 million sacks and lets them at a penny a week—its closest rival for the sack crown in this country is said to be British Railways—has ordered at least 7 million more from Jute Industries of Dundee. Deliveries will be stretched over five years, and the order will absorb all of Jute Industries' output of this type of seamless sack which, like the seamless stocking, is currently *à la mode*. Dundee is protected from imports of Indian or Pakistani sacks by a form of protection peculiar to this industry. Dundee cannot compete in sack-making materials in export markets, but Britain does a substantial trade in secondhand sacks amounting to more than half of its imports, which will not make arguments about origin in the negotiations over Britain's entry into the common market any easier.

SHORTER NOTES

Wall Paper Manufacturers proposes to reorganise its share capital and to convert each £100 of ordinary stock into 160 new 7 per cent preference shares. The existing ordinary shares which at present carry one vote per £1 stock are limited to a non-cumulative 10 per cent dividend and thus holders will receive a 12 per cent increase in income but will have only the normal preference voting rights. The existing deferred stock is to be renamed as ordinary stock and a one for two scrip issue is to be made, after which the £1 units are to be split into 5s. units. Thus the present heavy price of 126s. will be reduced to about 21s. per 5s. unit.

The Standard Bank of South Africa plans to drop "South Africa" from its name, but a new subsidiary will be formed with the present name in full to run its business in South Africa.

COMPANY AFFAIRS

Comments on pages 597 and 600 on: Marks and Spencer Debenhams
EMI De La Rue
Kundenkreditbank Wiggins Teape
Spicers A. E. Reed

LONDON AND NEW YORK

Stock prices, yields and security indices on pages 598 and 599

LONDON STOCK EXCHANGE

The week's movements reported on page 600

MONEY AND EXCHANGES

Money market report, exchange rates and public finance on page 601

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COMPANY MEETINGS

BROKEN HILL SOUTH LIMITED

HIGHLIGHTS FROM MR G. LINDESAY CLARK'S SPEECH

The Forty-third Annual General Meeting of Broken Hill South Limited was held in Melbourne on October 30th.

Mr G. Lindesay Clark (the Chairman) said:

CAPITAL PROPOSALS

With the Report and Accounts, Stockholders will also have received a circular dated October 12, 1961, advising the details of the scheme for reorganising the Company's capital, to be followed by a new issue of shares.

It is proposed that the nominal capital of the Company be increased to the amount of £10 million and Stockholders will be asked later at this meeting to resolve accordingly.

The effect of the scheme will be to increase the present paid up capital of £800,000 represented by 16 million stock units of 1s. each, up to £4 million represented by 16 million stock units of 5s. each. Stockholders have been advised of the Company's participation in the Alcoa of Australia Pty. Ltd. project for the production of aluminium in Australia and also of the developments at Cobarr. The Alcoa of Australia investment will require £3,663,889 spread over a period of approximately six years. In addition to this, the 76.2/3 per cent interest in Cobarr may be expected to require, mainly in the second half of the next four years, funds of the order of £4 million to £4½ million, some of which may be provided from sources other than share issues.

The methods of raising additional funds will be decided at a date closer to the time when they will be needed.

FINANCIAL RESULTS

The Net Profit of the South Company amounted to £761,000 being a fall of £123,000 as compared with last year.

Although ore production was slightly higher and mining costs were reduced, the surplus from mining operations fell due to the lower prices realised for lead and zinc. Income from dividends was also affected by the passing of a dividend payment by a subsidiary, The Electrolytic Refining & Smelting Company of Australia Proprietary Limited. The increase in Administrative and General Expenses resulted mainly from an internal interest payment in respect of funds deposited by a subsidiary company, Barrier Central Pty. Limited. The provisions made for Income Tax and Mining Royalty were in total £125,000 lower than for the previous year.

After appropriating the sum of £482,000 for expenditure on Plant and Mine Development at Broken Hill during the ensuing year, a credit balance of £948,000 remains in the Profit and Loss Appropriation Account out of which Dividend No. 112 amounting to £333,333 has been declared. The balance carried forward in the Appropriation Account this year is comparable with last year's carry forward.

Some comment on the impact of prospecting and development expenditure on our accounts

is appropriate in reviewing the financial results.

For Income Tax purposes expenditure on prospecting is deductible from income in the year of expenditure, and therefore it is to the advantage of the Company to finance this work from current earnings while the various prospects are in a speculative stage.

In the year under review, £183,000 was expended on prospecting and of this amount the larger proportion was expended at Cobarr. In future, most of the expenditure at Cobarr will be capitalised. In addition to expenditure on prospecting, substantial sums have been spent in the last few years on the development of the Western leases at Broken Hill. The rate of expenditure on this development can now be reduced.

In total, the reduction in these expenditures will result in considerable relief to the net profit position.

DIVIDENDS

A total distribution of 9d. per 1s. unit of stock has been maintained for the current year by the payment of 4d. per unit in June, 1961, and the decision to pay 5d. per unit on December 15, 1961.

REVALUATION OF ASSETS

The Board arranged for valuations by independent experts to be made of shares (other than shares in subsidiaries), debentures and notes in companies not acquired for the purpose of resale at a profit. Valuations of listed securities were made on the Board's instructions by a recognised firm of Stockbrokers, and of unlisted securities by the Company's auditors. On the basis of these valuations, and after taking into account the value of shares in subsidiary companies—the book value of which remains unaltered—the total value of all shares, debentures and notes has been conservatively revalued at £13,257,000 resulting in a capital profit of £5,345,000. Shares, debentures and notes held in companies listed on Australian Stock Exchanges which are included in the revaluation and now appear in the Company's books at £5,018,000, had a market value as at October 27th, of £5,033,000. The shares held in subsidiary and other companies not listed now stand in the books at the figure of £8,239,000.

OPERATIONS AT BROKEN HILL

Ore production at Broken Hill has been limited to the Company's commitments under the arrangement whereby world producers of lead are limiting production and sales. Increased production from the South Mine leases more than compensated for the reduced output from Barrier Central leases. The total operating cost at the South Mine fell by £1 2s. 7d. per ton to £7 6s. 0d. per ton of ore. The current international restrictions applying to lead production at Broken Hill and the lower prices now being received for lead and zinc are expected to result in a reduction in the level of earnings from the Mine in this current financial year.

ACQUISITION OF BRITISH-JUNCTION LEASES

In view of its large investments in plant and equipment at Broken Hill, it is clear that the Company should seek to extend its mining life in every way possible. The British-Junction leases which are owned by North Broken Hill Limited are located closer to this Company's main leases. The two Companies consider there will be mutual advantage if the South Company were to purchase these leases, and an agreement has been reached, subject to consent of the New South Wales Minister for Mines, to bring this about. The consideration for the purchase of these leases will be satisfied by the issue of 450,000 shares of 5s. each fully paid without rights to the new cash issue. It is anticipated that the acquisition of these leases will extend the mining life of the Company in Broken Hill for some years.

BROKEN HILL DISTRICT

Last year I mentioned that new geophysical techniques had been used in the search for further orebodies in the Broken Hill district, and during this current year, two units will be in use. This work, guided by both geological mapping and structural interpretation, has succeeded in locating several anomalies, of which two are extensive.

In view of the grade and size of the Broken Hill mineralisation, your Directors think that, notwithstanding its other commitments, the interests of the Company lie in persisting with this prospecting at least for the next two or three years by which time most of our areas will have been covered.

The exploration expenditure on the anomalies referred to above is being shared with Electrolytic Zinc Co. of Australasia Limited and North Broken Hill Limited, under the terms of the arrangement reported last year which gives the South Company a 51 per cent interest and an interest of 24½ per cent each to the other companies.

COBARR

Diamond drilling has indicated already some 18 million tons of ore averaging grade of 3.5 per cent copper as drilled.

Also, as mentioned in the Annual Report, the orebodies which vary from 29 to 40 ft. in width dip vertically between good walls and are well suited to low-cost mining.

We now intend to begin shaft sinking on the C.S.A. orebodies. Once underground development has confirmed the drilling results, these initial steps would be immediately followed by equipping the mine for production at a rate of 50,000 tons per four-weekly period. Cobarr is an already-established town, linked by rail to Sydney and Port Kembla. In addition, the power grid of the Electricity Commission of N.S.W. which is connected to the town will supply power to the mines. While an increased

water supply will be needed, as well as additional housing in Cobar, the expense usually involved in equipping a mine will be reduced by the extent to which the above facilities are already available. The Electrolytic Refining and Smelting Co. of Australia Pty. Ltd. in which the South Company has a 60 per cent interest, is at the present time short of feed.

With relatively small capital expenditure this plant can be extended to smelt the larger part of the concentrates produced at Cobar. The E. R. & S. Co. is already equipped to electrolytically refine the blister copper so produced and to cast it into commercial shapes.

EXPLORATION

In addition to prospecting in Broken Hill district we have made further attempts to expand exploration during the current year. Broken Hill South Limited has joined Gold Mines of Australia Limited, a subsidiary of Western Mining Corporation Limited, in the exploration of the Moonta-Wallaroo district of South Australia. Work has already commenced in this district, which was one of the early major copper producing areas in Australia. Your Company will hold a 30 per cent equity in this project and supply most of the geophysical equipment required to carry out the exploration effectively.

An arrangement has also been made with our geophysical contractors, McPhar Geophysics Limited, of Canada, who, with Mines Exploration Pty. Limited, a wholly-owned subsidiary of Broken Hill South Limited, will jointly conduct exploration outside the Broken Hill, Cobar and Moonta-Wallaroo districts.

ALCOA OF AUSTRALIA PTY. LIMITED

For some years your Company, Western Mining Corporation Limited and North Broken Hill Limited have been interested, through their shareholdings in Western Aluminium No Liability, in the prospecting work being carried out in the Darling Ranges of Western Australia for bauxite. As the prospecting results were gradually accumulated, the existence of a bauxite deposit of great magnitude became apparent, and thoughts were at first turned to the possibility of developing an export trade in bauxite which might ultimately lead to the establishment of a refinery to produce alumina. Subsequently, the proving of large reserves of coal at Anglesea, Victoria, made possible the establishment of an integrated aluminium industry in Australia.

The economic production of aluminium requires not only large sums in capital, but also the use of specialised technical knowledge and secret processes available to long established producers. It was, therefore, desirable to enlist the support of such a producer, and following lengthy negotiations the Aluminum Co. of America (ALCOA) joined the Australian Companies in the Australian project through the formation of Alcoa of Australia Pty. Ltd., on June 14, 1961, with an authorised capital of £40,000,000 Aust., divided into 40,000,000 shares of £1 each. In a circular to Stockholders dated July 12, 1961, a general description of the project was given.

The project provides for the erection of a refinery at Kwinana, Western Australia, and a smelter and a fabricating plant at Point Henry, near Geelong.

The refinery is expected to be completed and in operation by the end of 1963. The first unit of the aluminium smelter at Geelong is expected to be brought into production by April, 1963,

COMPANY MEETING REPORTS

to be followed by the second unit to double the annual capacity. The fabricating unit at Geelong should also be in production by the end of 1963. Power for the Point Henry plants will be provided initially by the State Electricity Commission of Victoria, but ultimately it is proposed to construct a power station at Anglesea, based on the local brown coal reserves.

The estimated cost of the project to completion is £A44 million. These funds will be found from both share and loan sources, and the Aluminum Company of America has agreed to provide loan money approximately equal to twice the share capital issued for cash, as well as its proportion of the share capital. Fully paid shares have been issued by Alcoa of Australia Pty. Ltd. to the three Australian Companies in exchange for their interest in Western Aluminium N.L. and for certain other assets. A further issue of 6,250,000 £1 fully-paid shares will be made to the Aluminum Company of America for the full and exclusive right to use, in Australia only, certain secret processes, technical knowledge and research information for the engineering, design, construction and operation of the facilities.

Your Company has received 486,111 of the £A1 fully paid shares issued, and it has applied for 3,663,889 of the contributing £A1 shares, upon which at this date an amount of 2s. per share has been paid. The South Company therefore holds 4,150,000 shares in Alcoa of Australia Pty. Limited representing an interest of 16.6 per cent. It is believed that the consumption of aluminium in Australia will grow under the impetus of new products and marketing techniques. In addition, Alcoa of Australia expects to develop an export trade in alumina, aluminium metal and semi-fabricated products, and in fact sale of a large portion of the alumina production from the Kwinana refinery is already assured.

One of the terms of the arrangements between Alcoa and the three Australian mining Companies is that, except with the unanimous consent of all Directors of Alcoa of Australia Pty. Limited, at least one-third of the net profits of Alcoa of Australia for each of its financial years, commencing with the financial year ending in 1965 shall be distributed as dividends. Consideration will be given, once the enterprise is firmly established, to listing the shares of Alcoa of Australia on the Australian Stock Exchanges. Your Directors feel confident that the South Company has become a partner in a great venture from which appropriate benefits will flow in due course.

THE ELECTROLYTIC REFINING & SMELTING COMPANY OF AUSTRALIA PTY. LIMITED

Because of its inability to obtain sufficient raw materials to sustain economic operations at Port Kembla, the earning capacity of this Company has continued to decline and has now fallen to such a level that the operations for the year ended June 30, 1961, resulted in a small loss.

While the amended copper bounty legislation which became effective as at January 1, 1961, for a period of three years, should enable the E.R. & S. Company to continue to receive raw material from certain local sources, it would seem that the return of this smelter to its former active and profitable state will rest on the developments at Cobar.

The installation of the continuous casting plant was completed towards the end of the financial year, but it did not contribute towards the E.R. & S. Company's profitability for the period. Commercial production of high grade castings

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from this specialised plant has been successfully achieved and should find a ready market.

METAL PRICES

The average price realised for lead during 1960/61 was £82 6s. 11d. per ton as compared with the previous year's average of £89 4s. 10d.; the average silver price was a fraction of a penny higher at 8s. 2d. per ounce, and the zinc price fell by £4 1s. 5d. per ton from £111 8s. 6d. in the previous year, to £107 7s. 1d. per ton.

METAL SALES

The restrictions on sales of lead, in terms of United Nations Agreements, continued in force during the whole of the year. Export sales accounted for 82 per cent of the total sales of B.H.A.S., as against 79 per cent in the previous year, with sales to the United Kingdom showing a tendency to increase.

In order to bring production more into line with demand, the United States Government offered to acquire for stockpiling surplus lead stocks accumulated to December 31, 1960. The condition of the offer was that both production and sales would be restricted throughout the 1961 calendar year.

The B.H.A.S. Pty. Limited and its shareholding supplying companies have since the close of the year sold to the US Government 40,000 long tons of lead, or practically the whole of the B.H.A.S. surplus lead stocks. Because production at the South Mine has been running in line with its sales quota for some time, your Company had a comparatively small interest in the barter sale proceeds.

During the year the Commonwealth Government sought increased quantities of silver for coinage purposes, but it was not possible to meet their indicated requirements in full.

The average price of zinc on the London Metal Exchange for the year ended June 30, 1961, fell by approximately 5 per cent when compared with the previous year's average. More recently the fall in the price of zinc has accelerated and at the end of September, 1961, was some £16 10s. 0d. Stg. below the price ruling at June 30, 1960. Zinc was removed from restriction by the International Lead and Zinc Study Group in February, 1960, but it would seem now that an accumulation of stocks is bringing pressure on the price structure. The Company's long term contract with Electrolytic Zinc Company of Australasia Limited for the sale of zinc concentrate, expires on December 31st next, and the various avenues for disposal of the mine production of zinc concentrate subsequent to that date are being considered.

WORLD MARKETS

Although the consumption of both lead and zinc continues to increase, the world production capacity also continues to be above world demand and this is the most serious factor which the industry is facing. In March last the International Lead and Zinc Study Group decided to curtail lead supplies to a level of approximately 2 per cent below estimated world consumption for the calendar year and Australia as one of the 26 member countries has abided by this decision.

The Group has just concluded a meeting at Geneva and has announced that for 1962 it is expected that supplies of lead will exceed demand. Member countries of the Group have agreed to continue curtailment of supplies at existing levels until the end of March, 1962,

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when the position is to be reviewed again. No action to restrict supplies of zinc has been proposed at either of these Meetings.

A new factor in the marketing of lead and zinc by Australian producers is the application by the United Kingdom to join the Organisation for European Economic Co-operation. In relation to Australian metal exports the enlarged Common Market would have a small impact only on refined lead and bullion and slab zinc. Since member countries of OEEC require to import concentrates for their important smelting industries, the marketing of concentrates in Europe

COMPANY MEETING REPORTS

would be of greater significance in the future. These considerations should be seen in the light of the expectations of expanding consumption.

GENERAL SUMMARY

Finally I would like to refer to a tendency in some quarters to regard Broken Hill South as a company reaching the end of its mining career and concerning itself chiefly with investment. In fact, as has been announced at previous Annual Meetings, the Board, for some years, has been employing the Company's resources and experienced staff in a policy of

mining development and exploration. As a result of this policy, the picture of the South Company the Board would like to put before you today is that of a company with a valuable investment portfolio, with an extended life for its mine at Broken Hill and with further prospects in that district, with a 16.6 per cent interest in the great aluminium industry being established by Alcoa of Australia Pty. Limited and with a 76½ per cent interest in the major copper project at Cobar; in all constituting a large and progressive mining Company with diversified interests in all major non-ferrous metals.

JOHN I. THORNYCROFT & CO., LIMITED

The Sixtieth Annual General Meeting of John I. Thornycroft & Co., Limited, will be held on November 30th in London.

The following is an extract from the Statement by Mr John W. Thornycroft, the Chairman, circulated with the report and accounts:

Long term your Board are certain that Southampton as a port has a great future, and that the Company should participate in the prosperity that must increase year by year. The Company's fixed assets, land, buildings and plant, are primarily planned for shipbuilding, engineering and ship repairing. In valuers' language, they would be called "purpose-built hereditaments." That means that they are not readily convertible to other uses. Nevertheless, some of the plant and equipment is being used for general industrial purposes, despite some disadvantage due to their location in a terminal port area.

Unless facilities and equipment are modernised regularly, the existing assets could very easily become of little value. It must be appreciated that assets are only worth what can be made out of them year by year by obtaining work which results in a profit after all costs have been met. Despite the present depression in the shipbuilding and ship repairing industry, the Board are satisfied that the Company must invest additional capital in order to compete with Home and Continental shipbuilding and ship repairing yards. With improved facilities and equipment it is hoped that the hourly paid employees will co-operate and make available their labour on competitive terms with any other port in the world, and not waste the natural advantages that Southampton has as a terminal port. It is believed that a number of shipowners would prefer to use Southampton as a terminal port. The improvement in the roads to Southampton from the Midlands is becoming an important consideration in reducing f.o.b. costs. As more ships use the port, the necessity for more lay-by berths for periodic and major overhauls and repairs becomes more urgent.

LONDON MARINE DEPARTMENT

This section is being re-organised to give technical services, primarily to overseas customers, to assist them in building locally. It is proposed to build up a brokerage business. Owners wishing to sell craft will be encouraged to lay up either at our Northam Yard, Southampton, or at Hampton-on-Thames. Both these locations are very convenient for inspection by prospective purchasers.

BROOKE BOND & CO. LTD

*extracts from the statement of
The Chairman*

Mr JOHN BROOKE

circulated with the Report and Accounts
for the year to 30th June 1961, to be
submitted to the Annual General
Meeting on 1st December 1961



Group Net Profit for the Year to 30th June, 1961, is £2,210,825 after tax, compared with £2,397,545 last year. The Group Profit is £4,061,878. Last year it was £4,395,451. The decline in profits can be attributed to the unavoidable droughts in the tea growing areas, and to the autumn Tally Clerks Strike in Dockland.

Tea Prices and Trading At home, two unofficial strikes created chaos at the London Docks. The Tally Clerks Strike was particularly disastrous, as it came when our stocks of plain teas were low and we had to put higher priced teas into our cheaper packets at a heavy loss. Not unnaturally, market prices reacted unfavourably to the adverse trading conditions, but it is significant that retail prices remained unchanged for yet another twelve months—an encouraging sign of the soundness of the industry.

Sales News Another year of progress in which sales of Brooke Bond packet tea have increased by more than 14 million lbs. In the U.K., sales showed the greatest increase since the year following de-rationing. A vigorous advertising programme to attract the housewife, combined with demonstrations at the point of sale have helped to bring increased trade for our packet teas and for the shops concerned. The housewives of tomorrow have not been forgotten. For many years, in every packet of Brooke Bond Tea, there has been a picture card prepared by experts, which helps to encourage an interest in Natural History.

In India, tea consumption is increasing, and our Indian Company has secured its share of this trade. Brooke Bond Canada has shown another encouraging increase in turnover, and good progress has been made in the U.S.A., Ceylon and Rhodesia.

First and foremost, we are a Tea business, but it is only right to refer to our sizeable proprietary Coffee sales. They increased by 1½ million lbs. this year.

Fixed Assets The total of the original cost, etc., of our fixed assets now exceeds £20m. Our fine new Redbourn Factory was opened in November 1960 and will feed the increasing sales in the south of England. A large factory has been purchased in Montreal and is being converted for tea and coffee packing.

Tea Plantations Our own production was about 2,000,000 lbs. less than last year. The figure is 29,760,351 lbs. This crop shortage was due to bouts of drought in North India, Kenya and Tanganyika. In South India development continues at a steady rate. In Ceylon, a fair crop was harvested, but the Ceylon government is now taking over 75% of profits in tax. New planting was carried out smoothly in Kenya.

The Welfare Insurance Company Just as good husbandry builds up the starch reserves in a tea bush, so in the insurance world, we employ 'good husbandry' to build up funds and reserves, whilst eschewing incautious development. Expansion continues in all classes of life and pension business. The Life Fund exceeded £1m. by the end of 1960, six years after its inception. The Trustee Department is now administering funds in excess of £500,000.

Prospects When making any forecast about the future of the Tea Trade, we have to keep crossing and uncrossing our fingers. We have made a good start again this year, both in terms of sales and profits.



Brooke Bond & Co. Ltd

“... I believe that over the years our direct stake in Europe will assume a growing importance”

MR. R. K. CALDER

The Fifty-fifth Annual General Meeting of Solar Industries Limited was held on November 3rd in Glasgow. In his statement circulated with the Annual Report and Accounts, the Chairman and Joint Managing Director, **Mr. R. K. Calder**, reported profits, before tax, of £522,707 compared with £451,790 for the previous year. Final Dividend was 12½%, less tax, making 17½% for the year. Group sales and earnings were again at record levels. Output was up by some 17%.

Commenting on the Group's activities, Mr. Calder said:

UNITED KINGDOM: “As a whole the U.K. Companies failed to maintain the pace achieved in the first half of the year but output was still up by just over 6%.”

“The Foundry Division, represented by Aluminium Bronze Co. Ltd. and Trent Foundries Ltd., despite the very severe setback in demand from the motor trade, succeeded in more than maintaining output.”

“The Burnley Group, which covers Burnley Aircraft Products Ltd., Universal Boilers & Engineering Co. Ltd. and Solar Weld Languelin Ltd., fully justified the confidence which I expressed last year. Both output and profits scored further notable increases.”

“Atkinson's Agricultural Appliances Ltd. was not quite able to maintain the high rate of progress of the previous year. Export sales were considerably higher and every opportunity is being taken to expand this effort.”

“The Plating Division, represented by the Verichrome Companies and the new acquisition, Irco Plating Co. Ltd. of Coventry, produced reasonably good results. Irco Plating Co. is now being integrated with Verichrome Plating Co.”

“Scottish Aluminium Ware Ltd. (manufacturers of ‘Luxaflex’ Venetian Blinds), continued to make substantial progress, both sales and earnings being at record levels.”

“The Draftex Group: As could be expected from the trend in the motor trade, the U.K. Companies suffered both reduced outputs and materially reduced profits.

GERMANY: “By contrast the German Company made spectacular gains in both output and earnings. Progress continues and new factory premises are a matter of urgency. A suitable site has been obtained and your Directors are giving consideration to the attendant problems of finance, etc., involved.”

CANADA: “... we have had to provide for losses in the Canadian Companies of some £42,654, a position which, while still disappointing, is an improvement on the previous year.”

THE FUTURE: “Our order book—overall—is higher by more than 25% than it was a year ago. New developments are beginning to pay off. While the deterioration in general conditions in the last six months—and particularly in the motor trade—has put a brake on our rate of progress, I feel quietly confident that this is but a pause in our continuing pattern of growth. I equally believe that over the years our direct stake in Europe will assume a growing importance and can be the base for further extensions of Group activities irrespective of whether the United Kingdom finally joins, or remains aloof from, the Common Market.”

SOLAR INDUSTRIES LTD.

123 Hope Street, Glasgow, C.2.

United Kingdom • Canada • Germany

THE BRITISH LINEN BANK

STATEMENT TO STOCKHOLDERS BY
THE GOVERNOR, LORD AIRLIE

The Right Hon The Earl of Airlie, KT, Governor of the Bank, has circulated a Statement with the Accounts of which the following is an extract:

In presenting the Bank's Accounts for the twelve months to September 30th last, it gives me pleasure to draw attention at the outset to the dominant feature, viz. the continued progress of the Bank's business in a year during which conditions generally have done little to assist further expansion.

Total resources have risen during the year from £109.32 million to £116.47 million—a record figure in the annual Balance Sheets of the Bank.

The main increase in individual items is in Current, Deposit, and Other Accounts which at over £93,608,000 show a welcome rise of £6,546,000, equivalent to just over 7½ per cent.

Turning to the other side of the Balance Sheet, our quick assets—consisting of cash, cheques on other banks in course of collection, short money, and bills discounted—aggregate over £35,075,000. This represents a ratio of 32.26 per cent to the combined totals of our Deposits and Notes in Circulation, as against 29.1 a year earlier.

The book value of our holdings of British Government securities at £26,778,000 is some £1,179,000 less than the corresponding figure as per the 1960 Balance Sheet. The market value of these investments on September 30th last was in excess of the figure at which they appear in the Balance Sheet.

Our Advances to Customers at September 30th last amounted to £45.42 million—just under £2 million more than a year earlier. The peak was reached in April 1961, since when there has been the seasonal decline in customers' requirements which is our normal experience in late Summer and early Autumn. A special feature this year has been that, in common with other members of the British banking system, we came under severe pressure in July to exercise restraint in lending. We have loyally responded, as on former like occasions, and have again done our best to achieve the objective with a minimum of disturbance to our customers.

Greater revenue resulting from profitable employment of expanded resources—with a high average level of advances being a prominent feature—served to offset a continuing and substantial rise in our overhead costs and to bring out a net profit of £424,399. This is £12,527 above the previous year's figure, and it is very satisfactory to see the upward movement recorded in recent years thus maintained.

The sum of £76,562 has already been applied in payment of the dividend for the half-year to March 31st last at the unchanged rate of 20 per cent per annum less income tax, and it is now proposed to allocate a like sum in dividend, less tax, for the second half of the year. Declaration of a higher dividend at this time would have been well justified but, in deference to the wishes expressed by the Chancellor of the Exchequer, the Board feel that the rate should be left unchanged. Appropriations as before of £130,000 and £100,000 respectively to Staff Pension Fund and Contingencies Account will leave in Profit and Loss Account a surplus of £275,653—an increase on the year of £41,274.

HARRISONS & CROSFIELD LIMITED

REVIEW OF YEAR'S ACTIVITIES

The Annual General Meeting of Harrisons & Crosfield Limited will be held on December 6th in London.

The following are extracts from the circulated statement by the chairman, **Sir Leonard C. Paton, CBE, MC:**

Group earnings for the year have just not reached 1960's record figures. Trading in the Eastern countries was again buoyant, but Australia, Canada and America, for varying reasons, were all well below last year, both in turnover and profit. Results from UK operations were higher.

Group profit for the year was £1,618,373 from which taxation of £911,281 has to be deducted. The Directors recommend a Final Dividend of 12 per cent, repeating last year's total distribution of 15 per cent., but as a straight dividend without bonus. The Directors have refrained from proposing an increase in the distribution on this occasion in deference to the Chancellor's appeal.

Group turnover, exclusive of sales of the produce of the Plantation Companies whom we represent, was over £71 million, compared with £79 million last year. The reduction was almost equally split between the lower price of rubber handled by our own dealing departments and the fall in business in Canada.

Activity remained high and expansion in the UK continued. To broaden our insurance interests we recently acquired a substantial interest in the well-known brokers, Chandler, Hargreaves, Whittall & Co., Ltd.

We have also acquired a half-interest in the old-established firm of Elders, Walker & Co., Ltd., Newcastle upon Tyne.

The Birtley Group's new factory, reported as going into production last year, is already making a valuable contribution to profits.

There have been other acquisitions, but smaller.

Profits of Wilkinson Rubber Linatex Ltd. capped previous records.

After reviewing the Group's activities in the individual countries in which it operates, the statement continues:

TEA

Prices. During the year 1960, the total quantity of tea sold in London from North India was reduced by more than 25 per cent compared with 1959, and averaged 1d. per lb. more. South India, with a record crop, was 3.36d. higher, and Africa, also ahead in production, more than 4½d. higher. Ceylon fared less well and the year's average in London was 1d. under 1959. The total average for all tea, though reduced in overall quantity by just on 15 per cent., was slightly over ½d. per lb. higher than 1959.

The limited quantities of really top-quality tea, both from India and Ceylon, again realised record prices during 1960, though in North India the benefit in many cases was largely nullified by increased costs resulting from reduced output.

Production. In 1960, despite the serious loss of crop in North-East India and Pakistan, a total world supply of 1,548 million lb., according to the figures prepared by the International Tea Committee, was just about balanced by the recorded absorption of 1,546 million lb.

Although the fear of a shortage of tea from North India maintained prices in London in the early months of 1961, the substantial improvement in world crops over the past few months has been reflected in lower prices. This has altered the position, and the average of all prices to October is slightly below last year.

Consumption. Consumption in the UK remains steady round 500 million lb. yearly. Imports into the USA at 114 million lb. in 1960 showed an increase, and there have been small increases in some of the Middle East markets. Apart from this, little change has taken place in the pattern of consumption in the main markets of the world.

Prospects. Latest figures indicate that world crops during the twelve months will be in the region of 90 million lb. above 1960, and possibly 80 million lb. ahead of 1959, itself a year of record production.

In the long-term, as development proceeds and living standards rise in large areas of Asia and Africa, there is reason to hope that tea consumption will substantially increase. The availability of larger quantities of cheap tea should accelerate this progress.

RUBBER

Prices in 1961, up to mid-October, are down compared with the twelve months of 1960. The average for No. 1 RSS spot London was 25½d. per lb., compared with the 1960 average of 32½d. Larger stocks in Malaya and a possibility of further stockpile releases have moved prices within narrower limits down to lower levels. This has strengthened the competitive position of natural rubber in 1961.

Consumption. In the USA, car production is unlikely to be better than an average year. In Europe, the industry is only now emerging from an export crisis, which Germany alone has partly avoided. The UK, previously exporting some 50 per cent of output, has proved vulnerable to slackening demand from abroad and the credit squeeze at home. Consumption of natural rubber has thus fallen, both in the USA and West Europe.

World Production. Current estimates indicate the possibility of a further surplus of natural rubber in 1961, although perhaps only half the size of 1960. This is partly due to smaller disposals from stockpile. Total 1961 consumption of natural rubber may reach 2 million tons, against supply of about 2,065,000 tons (including approximately 30,000 tons from stockpile).

Prospects. Prospects for 1962 are difficult to assess. There are renewed fears of inflation: recovery in the USA is being induced by Government spending; the rate of growth in the Common Market countries shows signs of slackening under pressure from increasing costs and labour shortages: expansion in the UK depends on the success of the recent measures undertaken to restore competitive strength. Britain's entry into the Common Market, still under study, is at present an unpredictable factor.

The finest natural rubber that research and skilled husbandry can provide, and the most stable economic price that can be attained, will assure to natural rubber its proper share in the

steadily expanding industrial production of the world.

PROSPECTS

Prospects. While pressing vigorously our general trading, we are increasingly buttressing the plantation and trading sections of the business with industrial activities, where the same basic qualities are needed for success.

THE PERAK RIVER HYDRO-ELECTRIC POWER COMPANY

RECORD RESULTS ACHIEVED

The 35th annual general meeting of The Perak River Hydro-Electric Power Company, Limited was held on November 8th in London, **Mr. Hugh G. Balfour** (the Chairman) presiding.

The Chairman said:

Before dealing with the business of the Meeting, it is my sad task to refer to the death of our old friend and colleague, Mr. Stewart Kilpatrick, OBE, which occurred on Friday, October 20th, last.

Mr. Kilpatrick was not only our senior director in length of service—he joined the Board in 1926, the first year of the Company's existence and had served continuously ever since—but he was a shrewd and genial colleague whose financial acumen and sound business judgment were always willingly brought to bear on the various problems which from time to time confronted the Board.

As the senior partner of Messrs Govett, Sons & Company, this Company's Brokers, he occupied a prominent position in the life of the City of London, where he will be much missed. I am sure that I speak for all who knew Mr. Kilpatrick when I say we feel a deep sense of loss at his passing.

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

The results for the Company's financial year ended July 31, 1961, continued to be satisfactory. Gross Revenue at £1,841,037 showed an increase of 22.5 per cent. on the previous year and surpasses the previous record year, 1957, when the comparable figure was £1,683,155.

Generating plant continued to give good service during the year. Total units generated at just under 480 million showed an increase of 24.03 per cent. on 1960. The Malim Nawar steam power station generated 243.37 million units, or 34.7 per cent. more than the previous year, while the Batu Gajah steam power station generated 76.69 million units, or 118.08 per cent. more than 1960. Unfortunately, the effective flow of the Perak River at the Chenderoh power station continues to be well below the average minimum flow for the last 31 years with the result that Chenderoh only generated 159.6 million units or 6.6 per cent. less than last year. We should reasonably expect some 190 million units in a year of normal rainfall.

INSTALLATION OF FURTHER GENERATING PLANT PROPOSED

During the year, 89 miles of high tension transmission line were constructed and energised and 71 miles of line dismantled because of normal changes in mining operations. Demand for electricity in our Concession Area showed a marked increase during the year, with the result that the distribution system is now virtually fully loaded. I referred last year to the possibility of obtaining a bulk supply of electricity from the Central Electricity Board. It is now clear, however, that, owing to the increasing demands on

the Board's system, such a supply cannot be expected for at least several years to come.

The Directors have therefore decided to proceed with the installation of two additional 20mW. generating sets and ancillary plant at the Malim Nawar power station, subject to the necessary consents of the Malayan Authorities.

Our subsidiary, The Kinta Electrical Distribution Company, Limited, had another satisfactory year and business continued to expand. The total number of units sold was 20,293,125 compared with 19,327,172 in 1960, an overall increase of 5 per cent. The gross profit of the Company from the sale of electricity increased by 12.08 per cent to £90,774 during the year under review.

Turning to the Revenue Account for the Company, revenue from the sale of current and miscellaneous income at £1,841,037 shows an increase of £338,349 over the previous year and resumes the pre-restriction rate of growth. After various deductions, including provision for taxation, the profit for the year is £407,340 as against £295,051 last year. Your Directors recommend a final dividend of 6 per cent and a bonus of 5 per cent. Taken in conjunction with the interim dividend of 4 per cent already paid, this makes the distribution to the Ordinary Shareholders for the year 15 per cent. This distribution represents an actual rate of 3.2 per cent on the total capital employed in the Company's business.

The Company's Balance Sheet at July 31, 1961, shows that fixed assets have increased by £207,442 and that the excess of current assets over liabilities is £1,018,139 as compared with £720,992 in the previous year. It will, therefore, be seen that the Company is building up a strong liquid position against the cost of the further generating plant required at Malim Nawar.

THE JHANZIE TEA ASSOCIATION

The eighty-fourth annual general meeting of The Jhanzie Tea Association, Limited, was held on October 27th in London, Mr G. A. Rainey (the chairman) presiding.

The following is an extract from his circulated statement:

The crop produced at 4,915,848 lbs. was some 100,000 lbs. less than that for 1959, most of this reduction being on the Seleng Estate, but it is worthy of note that three of the Association's gardens, Naganijan, Jaipur and Namsang, produced more tea in 1960 than in 1959. Seleng and Boisahabi, the two gardens most seriously affected by the 1959 drought, unfortunately again showed a loss over the season's working. The Board, however, feel confident that the rehabilitation measures now being taken will ensure that, in the near future, these two estates will again contribute towards the profit-earning capacity of the Association.

Higher prices were obtained in both the London and Calcutta markets and, although a smaller proportion of the crop was shipped to London, total proceeds are up by £16,000. Total revenue expenditure having remained steady, the profit on tea for the season is £101,132, an increase of £15,432 over that achieved for 1959.

As regards the prospects for the current season, it is reassuring to report that, up to the end of August, the 1960 crop shortfall has more than been made up, and that the outturn is, in fact, ahead of 1959.

The report was adopted and a dividend of 5 per cent, free of tax, was approved.

BERALT TIN & WOLFRAM

SIR CHRISTOPHER BULLOCK'S REVIEW OF THE WOLFRAM MARKET

The thirty-third annual general meeting of Beralit Tin & Wolfram, Ltd., was held on November 2nd at Winchester House, EC2.

Sir Christopher L. Bullock, KCB, CBE, Chairman, presided.

The Chairman, in the course of his speech, said:

WOLFRAM PRICES

The market for Wolfram has been in a sluggish and depressed condition for some time past. After a period of reasonable stability at between 150s. and 160s. per long ton unit during the first nine months of the year under review, the price fell to 120s. 6d. as at March 31, 1961. It then showed a small recovery and in June rose to 130s. 6d.; but during the past two months it has declined again and stood at the end of October at no more than 118s.

Various factors have contributed to these price fluctuations and the present weakness of the market. Among them have been sales from behind the Iron Curtain, primarily of concentrates of Russian or Chinese origin, which have been sold on occasion at very substantial discounts. Demand for wolfram from the Continent, particularly from Germany and Austria, has been largely satisfied for some time past by supplies from these sources under running contracts.

Another disturbing factor has been the availability of Government surplus stocks in this country. I am glad to say that there has been to date no repetition of the serious price debacles of 1957 and 1959, caused by these stocks being pressed on a market in no condition to absorb them. But it is obvious that the knowledge that they are awaiting sale has had, and must continue to have, an adverse influence. In my opinion, but for sales from this source, the price might well have risen to a more reasonable level when intermittent bursts of demand have occurred in the past twelve months.

Though it is only fair to say that those concerned have made every effort to avoid disruption of the market, I consider the Authorities should bring this whole question under careful review. I doubt whether it is to the tax-payers' advantage that these stocks should continue to be liquidated at what must be a very heavy loss on their original purchase price. Moreover, I regard continuance of the present state of affairs as unfair to producers in today's difficult conditions. The Authorities might well fix and announce a *minimum* price below which they will not sell; or a scheme might be devised on the lines of the Rubber disposal scheme whereby, within a prescribed price range, a "tap" would be automatically turned on and off.

It is encouraging that very large sums continue to be spent in the United States on research and experiment in the field of tungsten and its products. A recent report speaks of tungsten as one of four metals which are regarded as the most promising for rockets and similar missiles, whether for space exploration or for military purposes, and states that over \$20,000,000 is being spent on research into these metals in the current year. Several interesting developments, for example in fabricating technique, have been reported as a result. If these prove capable of commercial application—and some of them have

already done so—new uses may well emerge which will substantially enhance demand. And demand should in any case tend to increase over the years as world industrialisation develops and spreads into new countries. For what it is worth, the United States Materials Policy Commission estimated in 1952 that world consumption of tungsten might increase by 150 per cent by 1975.

The Board thought it right to sound a note of caution when announcing the interim in March and the proposed final dividend at the end of August. The average mean Metal Bulletin price for 1960/61 was 148s. 10d. per unit; as I have said, today's corresponding figure is only 118s. This is a fall of more than 30s. per unit (equivalent to about £113 per ton of our wolfram concentrates) and, in the case of a low-grade mine such as Beralit, such a price cannot leave even the most efficient producer with an adequate margin of profit in a period of rising costs.

The Report and Accounts were adopted.

COBALT DEVELOPMENT INSTITUTE

The Cobalt Development Institute, which groups leading cobalt producers of the free world, held its Sixth Annual Meeting in Brussels, on October 24th. Mr J. H. Lascelles, Resident Director of Rhodesian Selection Trust, Ltd., presided and was assisted by the two Vice-Chairmen, Mr Ch. Piedboeuf, a Manager of Union Minière du Haut-Katanga, and Dr Schackmann, President of the Board of Duisburger Kupferhütte.

The Assembly examined and approved the 1960 activities and financial management of the "Centre d'Information du Cobalt" (CIC), which is the executive organisation of the Institute. It also expressed its satisfaction at the setting up of two new branch offices, in Düsseldorf and London, which constitutes the outstanding achievement for the Institute in 1961.

As regards the research programme, emphasis was once more laid on three fields of application. One is concerned with the problem of air pollution by automobile exhaust gases. Research during the past two years has resulted in demonstrating the remarkable activity of cobalt oxide as a catalyst for the complete combustion of these gases, and in developing a suitable support for this catalytic agent. Next year's effort will be devoted to designing and testing a complete afterburner device incorporating the new catalytic material.

The other fields of application are the more traditional ones of magnetic materials and special steels and alloys. Here the research effort will be oriented in several directions, and will include both fundamental and practical work.

The "Centre d'Information du Cobalt" and its branch offices are at the disposal of cobalt users to answer requests related to cobalt and its applications. Information of current interest is diffused mainly through the quarterly "Cobalt," which is published in English, French and German. The head and branch offices of CIC are located at: 35, rue des Colonies, Brussels, Belgium; Battelle Memorial Institute, Columbus 1, Ohio, USA; Düsseldorf, Elisabethstrasse 14, Germany; Chichester House, 278/282, High Holborn, London, WC1, England.

COMPANY AFFAIRS

Shopping and Shares

IN his statement with the full report of Debenhams the chairman, Mr J. Bedford, tells shareholders that the full effects of the Chancellor's "little budget" still have to be felt. The latest figures from the Board of Trade show that apart from food almost all sections of retail trade suffered some decline in sales in September. There is further evidence of the slowing down in the rate of growth from the interim report of Marks and Spencer for the half year to end September; while sales reached a record figure of £84½ million, an increase of 6 per cent over the £79 million for the corresponding period in 1960, this compared with the increase of 16 per cent achieved in the first half of 1960-61 and the increase of 12½ per cent for the year as a whole. Shareholders are left to guess whether the increase in turnover has brought a similar increase in profits; this seems unlikely if the increase in sales has been most marked in food, for margins there are slimmer than in clothing. Nevertheless the interim dividend has been left unchanged at 15 per cent on the capital as increased by the one for ten scrip issue and represents an effective increase of 1.4 points over the 1960-61 payment. There can be little doubt that the full year's payment will be kept at 47½ per cent, representing an effective increase of 4.3 points. On this assumption the 5s. "A" shares at 103s. 9d. yield 2½ per cent.

The main interest in the Debenhams full report lies not so much in current trading prospects, on which the chairman declines to commit himself, as on future property developments. A year ago Mr Bedford said there were plans for developing and extending 28 existing stores over the next five years. But as a result of the credit squeeze the directors said in September that the programme of capital expenditure would be spread over a longer period. Capital commitments at July 31st amounted to £2.4 million and liquid assets then were down from £2,464,000 to £854,000 reflecting in part additional working capital; these figures pointed to the need for further funds, which were in fact raised by a £4½ million rights issue in September. The new plans for the development of the group's properties are much more ambitious and involve the setting up of a property subsidiary and the likelihood of a link with one of the insurance companies. Some plans are already well advanced and parts of the enlarged Plummer Roddis sites at Hastings and Brighton are to be given over to large blocks of flats.

The directors have decided against selling freehold properties and leasing them back; they say that "It is in our best interests to retain these valuable properties, which are the best hedge against inflation that we have." They admit however that there are short term advantages in lease-back financing but they believe that under the property

subsidiary the properties will be used to "the best possible advantage."

The major challenge to Debenhams and other department stores groups comes from the continued growth of the multiples and Mr Bedford again refers to the progress made in the centralisation of the group's buying of the staple lines. It remains to be seen whether the group is moving quickly enough in that and other directions to keep step with the change in shopping habits. On the forecast dividend of 19.2 per cent. on the increased capital the 10s. shares at 57s. 3d. yield 3.4 per cent.

Electric and Musical Industries

AS usual the statement from Sir Joseph Lockwood, the chairman of Electric and Musical Industries, is long and detailed, and shareholders should be encouraged by it. Many will perhaps content themselves with the last two sentences: "The prospects for the group's sales seem good and in the year to June 1962 they may well reach a total of the order of £90 millions, assuming no political crises. Although I expect group profits to be higher I would hesitate, in these conditions of intense competition, to make a forecast."

Sales in the year to June 30th last amounted to £82.4 million, against £68.7 million, but Sir Joseph points out that if the sales of the newly acquired subsidiaries, Morphy-Richards and Ardenite, are included for the previous years, turnover has risen by no more than two per cent in each of the past two financial years. This reflects an increase of 8 per cent in sales of records, 13 per cent in electronic capital goods, a reduction of 11 per cent in household appliances, radio and television sets and virtually no change in the other products, which include magnetic tapes and hearing aids.

Profits before tax rose from £5,221,000 to £5,448,000. That this profit was not higher is attributed not only to the slump in consumer durables both here and in Australia but also to the heavy expenses incurred in the rationalisation of the group's household business in this country following the Morphy-Richards acquisition. Sharp increases in the depreciation charge, following the revaluation of freehold properties, and in interest charges, reflecting the rise in working capital and the financing of the cash portion of the Morphy-Richards deal, have also eaten into the trading profit. At the end of June there was a net overdraft of £3.9 million against a net liquid balance of £2.8 million. The directors do not intend at the moment to issue any new shares for cash but the issue in Switzerland of 40 million Swiss francs of 4½ per

cent unsecured registered bonds, 1966-76, at par will raise £3.13 million net and this will clearly bring about some saving in loan interest.

The only shares which EMI proposes to issue are to its senior executives who are to be granted options to buy up to 600,000 shares. These options are to be for five years at a price which will either be the middle market price when the offer is made or the middle price on some subsequent date. With the shares standing only slightly above their low point and yielding 4.8 per cent on a 17½ per cent dividend at 36s. the first alternative will be the most attractive to any executives who are offered options in the near future. Certainly there will be many disappointed investors on both sides of the Atlantic if these options do not prove valuable over the five-year period. Before then the electronic group should be making good profits: so far the company admits that its profits hardly justify the amount of capital employed but all development and research costs are written off against current profits each year. Once the present recession is past Morphy-Richards should benefit from EMI's world-wide connections. Its sales of smaller appliances continued to rise last year and with the Astral refrigerator it added to its share of a depressed market at home. In the long term the uncertainties perhaps are concerned more with records, which have been so successful in recent years, than with EMI's other products. So far there is little sign of the record boom ending in this country (although it has been forecast for the past two years) but the trend is towards cheaper long-playing records and this presumably points to lower margins.

De La Rue

THE interim results from De La Rue repeat a now familiar story in British industry: higher sales—14 per cent up on the corresponding period in 1960—but only a small increase in profits before tax and a small reduction in net profits. As the chairman, Mr B. C. Westall, predicted at the annual meeting late in July the Chancellor's measures have affected the progress of the group particularly the Formica group and the Thomas Potterton group which makes gas and oil fired heaters. Thus margins are below those of last year when profits of the Formica subsidiary were badly hit by the depression in the furniture trade.

If there is little evidence of progress in this country at the moment, the group's export and overseas business, which last year accounted for £10½ million of total sales of £18½ million, has made further strides. In the 28 weeks to mid-October the overseas subsidiaries raised their sales by 25 per cent and exports rose by 20 per cent, contributing together £5.9 million of total sales. While the order book shows a substantial increase over both the level at this time last year and at the end of the financial year the directors expect this to be offset by lower profit margins. They hope to pay the same total dividend of 22½ per cent.

Continued on page 600

LONDON AND NEW

Prices, 1961		BRITISH FUNDS AND GUARANTEED STOCKS		Price, Nov. 1, 1961	Price, Nov. 8, 1961	Net Yield, Nov. 8, 1961	Gross Yield, Nov. 8, 1961	Prices, 1961		Last Two Dividends (a) (b) (c)	ORDINARY STOCKS		Price, Nov. 1, 1961	Price, Nov. 8, 1961	Yield, Nov. 8, 1961	Cover
High	Low							High	Low							
921.2	883.8	Savings Bonds 3%.....1955-65		91	91	£ s. d.	£ s. d.	89/7 1/2	64/-	13 c	BANKS, DISCOUNT & HP		82/9	84/6	3.08	...
1011.2	999	Conversion 4 1/2%.....1962		9913 1/2	9913 1/2	4 7 5	5 13 7 1	100/3	74/3	16 c	District		87/1	88/-	3.64	...
967.8	933.2	Exchequer 3%.....1962-63		1005 1/2	1005 1/2	4 11 5	5 13 11 1	80/-	58/7 1/2	13 c	Lloyds		68/3	65/6	3.32**	...
1015.8	980.2	Treasury 5 1/2%.....1962		1005 1/2	1005 1/2	3 11 6	5 3 7	26 1/4	18/7 1/2	8 b	Martins		21/6	22/-	3.41	...
932.2	901.2	Exchequer 2 1/2%.....1963-64		932 1/2	932 1/2	4 10 6	5 10 10 1	86 1/4	67/3	19 c	Midland		85/9	86/-	3.49**	...
999.2	969.2	Conversion 4 1/2%.....1963		981 1/2	981 1/2	4 0 3	5 15 3	97/3	73/-	7 b	Nat. Provincial		83/-	83/6	3.35	...
991.2	961.2	Conversion 4 1/2%.....1964		973 1/2	973 1/2	4 0 9	5 16 3	95/6	58/9	7 1/2 b	Westminster 'B'		82/-	81/9	3.57	...
1015.2	985.2	Exchequer 5 1/2%.....1966		985 1/2	985 1/2	4 12 7	5 18 10 1	44/9	35/3	8 b	Australia & N.Z.£1 p.p.		38/-	37/9	6.36	...
831.2	783.2	Funding 3%.....1959-69		825 1/2	825 1/2	3 9 6	5 2 9 1	52/-	41/-	6 b	Bk. Lond. & S. Amer.£10		42/-	41/9	4.79	...
893.2	843.2	Funding 4%.....1960-70		897 1/2	897 1/2	4 12 4	5 19 6 1	62 1/4	42 1/2	8 c	Bank of Montreal£20		26*	26*	5.54*	...
801.2	745.2	Savings Bonds 3%.....1964-70		803 1/2	803 1/2	4 13 4	5 14 8 1	30 1/2	25 1/2	10 c	Barclays D.C.O.£1		38/-	37/9	5.30	...
851.2	803.2	Savings Bonds 2 1/2%.....1964-67		85 1/2	85 1/2	4 13 4	5 14 8 1	30 1/2	25 1/2	10 c	Chartered		48/3	51/6	5.83	...
721.2	661.2	Savings Bonds 3%.....1965-75		721 1/2	721 1/2	4 13 0	5 2 11 1	60 7 1/2	46 7 1/2	5 1/2 a	Hongkong & Shanghai£25		51/6	51/6	5.83	...
841.2	787.2	Funding 3%.....1966-68		843 1/2	843 1/2	4 12 2	5 19 11 1	£21	£14 5/8	10 1/2 b	Nat. Com. Bk. Scot.£10		53/-	53/-	7.11	...
971.2	921.2	Victory 4%.....1920-76		941 1/2	941 1/2	3 5 8	4 18 11 1	70/6	49/9	9 b	Royal Bk. Canada£10		£27 1/2	£27 1/2	3.00	...
863.2	801.2	Conversion 5%.....1961		861 1/2	861 1/2	4 0 8	5 19 9	£29 1/2	£25 1/2	10 b	Royal Bk. of Scotland£1		102/3	104/-	3.65	...
931.2	871.2	Conversion 5 1/2%.....1969		931 1/2	931 1/2	4 0 8	5 19 9	119/6	96/3	10 b	Stand. Bk. of Africa£1		37/-	39/3	7.64	...
951.2	881.2	Conversion 5 1/2%.....1974		923 1/2	923 1/2	3 18 5	6 0 6	40/3	32/-	5 a	Hambros		132/6	137/6	3.27	...
731.2	661.2	Treasury 3 1/2%.....1977-80		711 1/2	711 1/2	4 10 5	6 4 0	165/-	95/-	22 1/2 c	Schroders		80/-	79/9	1.88	...
721.2	651.2	Treasury 3 1/2%.....1979-81		693 1/2	693 1/2	4 10 7	6 5 5	89/6	59/6	5 b	Union Discount		53/9	54/-	4.63	...
979.2	929.2	Funding 5 1/2%.....1982-84		921 1/2	921 1/2	3 18 3	6 4 6	60/6	45/6	6 1/2 b	Bowmaker		14/3	14/-	...	1 1/4
591.2	511.2	Redemption 3%.....1986-96		541 1/2	541 1/2	4 7 9	6 3 11 1	27 1/4	13/-	18 c	Lombard Banking		13/3	13 1/4	...	1 1/4
881.2	791.2	Treasury 5%.....1986-89		82 1/2	82 1/2	4 3 0	6 7 11 1	23/6	13/-	19 c	Mercantile Credit		13/3	13/9	4.55	1 1/4
631.2	551.2	Funding 3 1/2%.....1999-2004		571 1/2	571 1/2	4 7 0	6 9 10 1	21/9	12/9	7 1/2 b	United Dominions Tst.£1		140/-	140/3	3.78	3 1/4
945.2	815.2	Treasury 5 1/2%.....2008-12		831 1/2	831 1/2	4 3 1	6 13 5 1	210/-	132/-	4 a						
651.2	561.2	Consols 4%.....after Feb. 1957		601 1/2	601 1/2	4 2 2	6 15 2 1									
591.2	501.2	War Loan 3 1/2%.....after 1952		521 1/2	521 1/2	4 1 3	6 12 6 1									
501.2	431.2	Conv. 3 1/2%.....after Apr. 1961		527 1/2	527 1/2	4 1 10	6 14 0 1	13/10 1/2	11/-	...						
501.2	431.2	Treasury 3%.....after Apr. 1966		453 1/2	453 1/2	4 0 10	6 12 4 1	41/12 1/2	31/-	5 a						
44 1/2	36 1/2	Consols 2 1/2%.....after Apr. 1966		399 1/2	399 1/2	3 17 8	6 7 2 1	26/9	13/-	6 1/2 b						
431.2	361.2	Treasury 2 1/2%.....after Apr. 1975		381 1/2	381 1/2	4 0 5	6 11 8 1	60/6	50/-	14 1/2 b						
917.2	853.2	British Electric 4 1/2%.....1967-69		913 1/2	913 1/2	4 2 3	6 0 6 1	14/9	12/-	...						
751.2	701.2	British Electric 3%.....1968-73		753 1/2	753 1/2	4 13 4	6 1 2 1	9/4 1/2	30/-	7 1/2 b						
701.2	641.2	British Electric 3%.....1974-77		693 1/2	693 1/2	4 12 7	6 1 11 1	34/9	26/-	27 c						
817.2	747.2	British Electric 4 1/2%.....1974-79		791 1/2	791 1/2	4 5 5	6 4 0 1	34/9	26/-	27 c						
731.2	671.2	British Electric 3 1/2%.....1979-79		711 1/2	711 1/2	4 10 6	6 3 10 1									
847.2	783.2	British Gas 4%.....1969-72		841 1/2	841 1/2	4 6 6	6 2 0 1	64/-	44/10 1/2	5 1/2 b						
82 1/2	76 1/2	British Gas 3 1/2%.....1969-71		81 1/2	81 1/2	4 9 5	6 0 8 1	28/11 1/2	19/10 1/2	4 a						
593.2	513.2	British Gas 3%.....1973-75		549 1/2	549 1/2	4 9 5	6 0 8 1	26/10 1/2	16/11 1/2	6 a						
751.2	701.2	British Transport 3%.....1968-73		753 1/2	753 1/2	4 13 4	6 1 2 1	9/4 1/2	30/-	7 1/2 b						
807.2	74 1/2	British Transport 4%.....1972-77		793 1/2	793 1/2	4 6 9	6 4 2 1	105/6	83/9	12 1/2 b						
617.2	533.2	British Transport 3%.....1978-88		581 1/2	581 1/2	4 11 10	6 6 4 1	167/11 1/2	119/6	7 1/2 a						

NEW YORK PRICES AND INDICES

Prices, 1961		DOMINION AND CORPORATION STOCKS		Price, Nov. 1, 1961	Price, Nov. 8, 1961	Yield, Nov. 8, 1961	Prices, 1961		Last Two Dividends (a) (b) (c)	ORDINARY STOCKS		Price, Nov. 1, 1961	Price, Nov. 8, 1961	Yield, Nov. 8, 1961	Cover
High	Low						High	Low							
821.2	761.2	Australia 3 1/2%.....1965-69		817 1/2	82 1/2	£ s. d.	29/3	20/3	14 b	CHEMICAL		22/10 1/2	22/6	4.44	2 1/2
101.2	92.2	Australia 6%.....1974-76		97 1/2	97 1/2	6 6 0 1	22/-	14/10 1/2	11 1/2 c	Albright & Wilson£5/-		26/10 1/2	26/6	3.48	1 1/2
721.2	641.2	Ceylon 4%.....1972-75		661 1/2	66 1/2	8 3 0 1	58/9	33/6	7 b	Borax Del.£5/-		35/6	34/6	6.38	1 1/2
1011.2	923.2	New Zealand 6%.....1972-80		961 1/2	96 1/2	6 8 0 1	81/6	56/3	7 1/2 b	Fisons£1		63 1/2	62/6	4.40	2
801.2	701.2	Rhodesia and Nyasaland 6%.....1978-81		761 1/2	76 1/2	8 13 0 1	26/10 1/2	14/6	10 b	I.C.I.£1		17/3	17/3	4.35	2 1/2
81 1/2	73 1/2	South Africa 3 1/2%.....1965-67		80 1/2	80 1/2	7 19 0 1	36/-	24/-	8 b	Monsanto£5/-					
59 1/2	53 1/2	Southern Rhodesia 4 1/2%.....1987-92		56 1/2	56 1/2	8 12 0 1	91/3	38/6	20 b	DRAPERY & STORES		28/3	27/6	2.18	2 1/4
945.2	851.2	Agricultural Mortgage 5 1/2%.....1980-85		881 1/2	88 1/2	6 11 9 1	75/0 1/2	47/7 1/2	5 1/2 a	Boots Pure Drug£5/-		87/9	89/6	3.07	2 1/2
89 1/2	82 1/2	Birmingham 4 1/2%.....1967-70		88 1/2	88 1/2	6 3 0 1	59/4 1/2	47/7 1/2	5 1/2 a	Debenhams£10/-		54/-	56/9 1/2	3.38	1 1/2
923.2	861.2	Bristol 5%.....1971-73		901 1/2	90 1/2	6 7 0 1	46/9 1/2	34/3	16 1/2 b	G.U.S. 'A'£1		48/9	48/9	4.85	1 1/2
483.2	411.2	Corporation of London 5 1/4%.....1976-79		873 1/2	87 1/2	6 6 0 1	21/11 1/2	13/4	7 1/2 b	House of Fraser£1		36/-	36/-	4.17	1 1/4
881.2	801.2	L.C.C. 3%.....after 1920		441 1/2	44 1/2	6 14 0 1	106/9	85/11 1/2	32 1/2 b	Lewis's Invest. Tst.£4/-		14/11 1/2	14/11 1/2	3.30	1 1/4
93 1/2	84 1/2	L.C.C. 5%.....1980-83		83 1/2	83 1/2	6 7 0 1	53/10 1/2	34/10 1/2	20 b	Marks & Spencer 'A'£5/-		103/6	103/6	2.29	1 1/2
		Middlesex 5 1/4%.....1980		88 1/2	88 1/2	6 7 0 1	62/11 1/2	50/-	25 b	United Drapery£5/-		47/3	47/3	3.17	1 1/2
										Woolworth£5/-		52/1 1/2	52/-	3.44	1 1/2

* Ex dividend. † Tax free. ‡ Assumed average life 7 1/2 years. § The net redemption yields allow for tax at 7s. 9d. in £. || Ex capitalisation. Ex rights. (b) Final dividend. (c) Year's dividend. (d) Capital distribution of 1s. 0d. per share. (f) Flat yield. (g) Equivalent to 7-2 sterling. (h) After Rhodesian tax. (i) To latest date.

YORK STOCKS

Prices, 1961		Last Two Dividends (a) (b) (c)		ORDINARY STOCKS		Price, Nov. 1, 1961	Price, Nov. 8, 1961	Yield, Nov. 8, 1961	Cover	Prices, 1961		Last Two Dividends (a) (b) (c)		ORDINARY STOCKS		Price, Nov. 1, 1961	Price, Nov. 8, 1961	Yield, Nov. 8, 1961	Cover		
High	Low									High	Low										
34/-	17/41/2	10	c	10	c	10	c	10	c	62/-	43/-	20	a	60	b	Assoc. British Picture	47/6	48/-	6.25	23/4	
15/-	7/9/4	10	a	12	b	10	a	12	b	34/6	26/9	20	a	40	b	Assoc. Television 'A'	5/-	28/10/2	10.04	13/4	
74/-	54/3	8	b	4	a	54/9*	54/3*	4.42	21/4	52/9	41/41/2	16	a	14	b	Beecham Group	5/-	51/-	2.94	13/4	
15/6	11/9	121/24b	147/24b	Brook Bond 'B'	5/-	13/11/2	13/-*	4.18	33/4	54/3	31/11/2	31	a	63	b	British Match	£1	31/10/2	6.32	2	
19/3	12/6	21	a	10	b	12/6	12/6	5.00	11/4	28/41/2	14/9	63	b	4	a	British Oxygen	5/-	17/3	3.28	21/2	
37/9	65/-	10	a	5	a	10/3	70/3	4.51	11/4	13/-	7/10/2	3	a	3	a	British Ryces	5/-	8/41/2	8.9	21/2	
143/3	10/41/2	71	b	21	a	10/3	30/12	3.63	2	70/-	44/9	15	b	71	a	De La Rue	10/-	45/6	4.64	2	
50/-	38/71/2	9	b	3	a	10/71/2	10/71/2	4.64	2	50/-	31/9	20	c	71	a	Gestetner 'A'	5/-	37/6*	2.56	31/4	
20/101/2	14/101/2	5	a	9	b	44/11/21/2	46/11/21/2	5.20	2	73/9	52/6	6	a	9	b	Glasto	10/-	56/-	2.68	31/4	
73/-	56/9	121	c	113	a	15/12/2	15/12/2	4.63	2	57/6	42	3	a	12	b	Harrisons & Cr. Delf.	£1	43/9	42/-	7.14	23/4
51/6	39/3	15	b	8	a	10/-	59/9	5.87	23/4	55/6	35/6	42	b	5	a	Hoover 'A'	£1	43/9	45/-	5.00	23/4
71/6	65/3	14	b	8	a	10/-	39/9	5.10	2	28/3	18/9	12	b	5	a	Iford	5/-	21/3	4.12	2	
						10/-	69/9	6.57	13/4	108/3	71/3	71	b	4	a	J.C.T.	£1	89/6	90/3	2.49	23/4
51/4	115/6	155	b	150	a	12/8	13/8	3.15	...	78/9	41/3	12	c	12	c	National Canning	£1	42/6	41/3	6.06	1
86/3	60/6	25	b	20	a	66/3	66/3	3.40	...	37/3	29/6	6	a	10	b	Powell Duffryn	10/-	33/3	33/6	4.78	21/4
32/4	17/8	441	17c	441	17c	30/4	3111/6	0.90	...	30/3	24/71/2	15	b	5	a	Radio Rentals	5/-	28/6	29/9	3.36	3
88/4	51/101/2	20	b	10	a	80/6	79/9	1.88	...	37/6	18/9	71	a	15	b	Rank Organisation	5/-	30/9	30/9	3.66	21/2
60/6	42/71/2	40	b	35	a	37/6	37/6	2.69	...	41/101/2	30/11/2	16	b	71	a	Schweppes	5/-	33/-	33/-	3.64	13/4
391/4	23/4	110	b	81	a	122/6*	123/6*	3.24	...	39/27/6	20	25	c	25	c	Sears 'A'	5/-	34/-	34/11/2	3.66	21/4
146/6	100/-	111	b	81	a	210/-	210/-	3.50	...	108/41/2	21/3/4	11	b	82	a	Thomas Tilling	4/-	24/3	24/71/2	3.25	2
272/6	156/3	170	b	120	a	210/-	210/-	3.50	...	78/-	55/-	12	a	4	a	Turner & Newall	£1	58/6	58/3	4.12	21/4
49/3	38/101/2	113	c	208	c	4/25	4/25	2.72	...	41/71/2	32/6	9	042a	15	b	Unilever	5/-	40/-	41/3	2.97	31/4
129/3	100/3	111	b	71	a	43	43	3.37*	...	1113/2	84	8	a	13	b	Unilever N.V.	12 fl.	101	111	2.21	31/4
						105/3	107/3	3.50	...	22/6	13/9	10	b	5	a	United Glass	5/-	15/6	15/9	4.76	21/2
										42/11/2	29/3	110	b	14	a	United Molasses	10/-	29/9*	29/9*	8.37	1
										</											

Continued from page 597

On this not too discouraging statement the 10s. shares gained 3s. 6d. to 49s. 6d. to yield 4½ per cent; the shares have been as high as 70s. this year and the fall in their

	28 weeks ended Oct. 15, 1960	24 weeks ended April 1, 1961	28 weeks ended Oct. 14, 1961
Sales	(£000s) 9,094	(£000s) 9,448	(£000s) 10,408
Gross profit ..	944	1,343	1,005
Net profit....	292	469	281

Gross profit/sales (%)	10.4	14.2	9.7
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price can be attributed partly to expectations of another rights issue. At March 31st liquid assets had been reduced to only £55,000 and the directors said in July that they were considering the most advantageous way of raising new capital.

Kundenkreditbank

ON Thursday dealings began on the London Stock Exchange in the equity of Kundenkreditbank, the leading instalment credit house in West Germany. This is the first time the shares have been quoted officially other than on the Duesseldorf exchange. Dealings in London, for the convenience of the British investor, will be not only in the DM 100 shares but also in deposit certificates of DM 10 nominal value each which will be made available through N. M. Rothschild. In Duesseldorf the DM 100 shares are quoted around DM 520 and the deposit certificates closed in London on Thursday at 96s. 6d. On last year's dividend of 16 per cent the yield is 2.94 per cent, about one point lower than that generally obtainable on leading British hire purchase shares. Ten per cent of the company's issued capital of DM 15.5 million (£1.4 million) is already held by British institutions, including United Dominions Trust.

The company is responsible for about one tenth of all instalment credit granted by banks in the Federal Republic, and its 1960 pre-tax profit of £600,000 is over five times the 1951 figure. Future prospects seem bright, with per capita instalment debt in Germany only about one-half that of the United Kingdom. About 62 per cent of the company's advances go to manual workers. But partly because German law allows instalment companies to take a charge over the wages or salaries of individual borrowers, bad debts in Germany have been less prevalent than in this country.

Paper Interims

WITH excess capacity in the paper industry it is not surprising that the interim results from three leading paper producers reveal further pressure on profit margins; the results also reflect a further reduction last July in tariffs on imported papers from the EFTA countries. Spicers was the first of the trio to report and with a maintained interim of 4 per cent came a small increase in pre-tax profits in the first half of 1961 from £445,000 to £455,000 resulting from "more than maintained turn-

over." There is however a twist to this: lower profits for the full year are forecast as a result of more difficult trading in recent months.

A similar picture emerges from the interim statement of Wiggins Teape for despite higher sales profits had already begun to turn in the six months to July 1st when gross profits before depreciation fell from £3,179,000 to £2,882,000. Since the end of July sales too have declined and it seems the earlier estimate of £4,850,000 before depreciation and tax will be about £300,000 too high. However the directors hope to maintain the total dividend at 14 per cent. The estimate did not include any income from Millbank Paper which is jointly owned with British American Tobacco and into which Wiggins Teape has put some of its paper interests. But the latest figure includes a dividend of £307,000 gross from Millbank and the 1960 figure has been adjusted accordingly. Wiggins Teape's share of the cost of capital developments by this new joint venture will come from 1,800,000 shares issued to BAT at 60s. per share, payable as required up to January, 1964. It seems likely that it will be some while before the new shareholders break even on this investment for the £1 shares now stand at 48s. 6d. to yield 5½ per cent. A further £1 million of 6½ per cent debenture is being issued at 99, one point above the price of the earlier issue of £4 million in July.

The most significant fact to be drawn from the interim results of Albert E. Reed is that the interim dividend has not been cut as had been feared but has been maintained at 5 per cent. The results for the six months to September 30th show sales of £56 million, against £38 million, trading profits of £5.4 million, against £3.6 million, and net profits of £1.7 million, against £1.4 million. These figures however are practically meaningless as they include for the first time contributions from Imperial Paper and Anglo-Canadian Paper which were acquired from the Daily Mirror group. It is no surprise that the chairman, Lord Cornwallis, tells shareholders that while sales have been maintained in this country profits were lower than in the corresponding period in 1960 and that for the year as a whole profits from home paper manufacture will be "significantly" lower. Nevertheless he expects profits from other home activities and particularly those from overseas to make "a very important contribution to profits." News has also come this week of a further extension of Reed's overseas interests with the announcement of plans to build a £4 million carton board mill in southern Italy. The chances that Albert E. Reed will be able to maintain the dividend at 16 per cent on the increased capital have certainly not been dimmed by this interim statement although the cover for such a payment is likely to be slender. Thus the £1 "A" shares have held up well this week but at 43s. are still close to their 1961 low and yield 7½ per cent, reflecting the many short term uncertainties and the sheer weight of recently issued capital.

London Stock Exchange

FIRST DEALINGS	Oct. 16	Oct. 30	Nov. 13
LAST DEALINGS	Oct. 27	Nov. 10	Nov. 24
ACCOUNT DAY	Nov. 7	Nov. 21	Dec. 5

THE cut in Bank Rate to 6 per cent last Thursday caused no more than a ripple in the stock market last week and investors paid much more attention to the latest company news and the prospects of a capital gains tax. Before the weekend the company news had a depressing effect on equity prices, but the market was prepared for the results from De La Rue, A. E. Reed and BMC; the fall in prices was halted on Tuesday and reversed on Wednesday. The rally was enough to offset earlier falls and *The Economist* indicator rose fractionally from 356 to 356.4 over the week to Wednesday; more gains appeared on Thursday with some buying for the new account.

The gilt-edged market was fairly busy last Thursday but around the weekend the amount of business fell, though the drop in Treasury Bill rate on Friday helped to keep prices up. After the weekend the shortage of credit in the money market and the competitive influence of the £10 million Agricultural Mortgage Corporation loan, coming soon after the LCC and Bootle issues, combined to restrict the amount of investment buying; there was also some profit-taking among short-dated stocks. On Wednesday the government long-dated tap stock, Treasury 5½ per cent 2008-12, attracted buyers and over the week the stock gained ½ to 84. Undated stocks were quiet before the weekend but War Loan went up by ½ to 52½ and among the shorts Exchequer 5½ per cent 1966 gained 1½ to 98½.

Bank shares had a quiet week; the leaders showed mixed movements and insurances made good earlier losses after selective buying on Wednesday. The revival in equities was due in part to the Chancellor's statement in the Commons on Tuesday that there might be expansion in the economy early next year. Electrical shares scored gains on press comment and EMI gained 1s. 6d. to 38s. over the week, mainly after the chairman's statement. Stores shares were an active market, with several announcements this week; following early falls Marks and Spencer "A" improved after the interim results to lose only 6d. over the week to 103s. 6d. Debenhams' property development plans encouraged some buying and the shares gained 2s. 9d. to 56s. 9d.

There was some profit-taking among Tubes which came back 1s. to 66s. 6d. American interest in Beechams waned and they lost 1s. 9d. to 51s. but Unilever in their new form again attracted buyers and gained 1s. 3d. to 41s. 3d. Motor shares were firm and so were food shares, though National Canning lost 9d. to 41s. 9d. Steel shares were again out of favour, and the interim statements generally depressed paper shares, though Bowater were in demand on Wednesday and gained 6d. on the week to 47s. 9d.

EXCHEQUER RETURNS

For the week ended November 4, 1961, there was an "above-line" surplus (after allowing for sinking funds) of £14,712,000 compared with a deficit of £42,594,000 in the previous week and a surplus of £55,595,000 in the corresponding period of last year. There was a net expenditure "below-line" of £27,170,000 leaving a total cumulative deficit to date of £721,145,000 compared with £678,644,000 in 1960-61.

£'000	Estimate 1961-62	April 1, 1960, Nov. 5, 1960	April 1, 1961, Nov. 4, 1961	Week ended Nov. 5, 1960	Week ended Nov. 4, 1961
Ordinary Revenue					
Income Tax.....	2,728,500	794,468	915,415	23,123	31,110
Surtax.....	210,000	42,600	49,500	1,300	1,300
Death Duties.....	240,000	134,600	154,000	4,300	4,200
Stamps.....	94,000	53,300	59,700	1,600	1,900
Profits tax, EPT and EPL.....	325,500	171,400	210,600	8,400	7,800
Other Inland Rev. Duties.....	...	50	...	...	...
Total Inland Rev.	3,598,000	1,196,418	1,389,215	38,723	46,310
Customs.....	960,000	590,570	557,610	75,465	31,179
Total Customs and Excise.....	2,510,000	1,476,114	1,524,266	103,215	75,399
Motor Duties.....	155,000	38,111	39,718	5,157	...
PO (Net Recpts) Broadcast Lic's.....	40,000	18,300	19,100	...	...
Sundry Loans.....	205,000	38,476	150,876	4,148	1,076
Miscellaneous.....	...	73,046	...	2,122	...
Total.....	6,508,000	2,840,465	3,123,175	153,365	122,785
Ordinary Expenditure					
Debt Interest.....	660,000	373,185	403,600	19,603	7,238
Payments to N. Ireland Exch. PO Fund — Initial settlement.....	92,000	49,996	48,961	3,029	...
Other Consolidated Funds.....	15,000	...	7,282	...	...
Supply Services.....	8,000	4,603	4,850	8	15
Total.....	5,186,902	2,762,772	3,000,258	74,090	99,120
Total.....	5,961,902	3,190,756	3,464,951	94,730	104,373
Sinking Funds.....	40,000	22,120	23,074	1,040	1,700
"Above-line" Surplus or Deficit.....	372,411	364,850	55,595	14,712	14,712
"Below-line" Net Expenditure*	306,233	356,295	19,950	27,170	27,170
Total Surplus or Deficit.....	678,644	721,145	35,645	12,458	12,458
Net receipts from:					
Tax Reserve Certificates.....	158,359	172,219	10,012	11,681	...
Savings Certificates.....	40,600	16,500	...	400	...
Defence Bonds.....	64,989	17,782	1,891	268	...
Premium Savings Bonds.....	35,340	25,600	850	1,600	...
Total.....	299,288	199,101	12,753	13,413	13,413

* Net receipt to the Civil Contingencies Fund of £5 million in 1961-62 compared with a net receipt of £6 million in 1960-61.

FLOATING DEBT

	Treasury Bills	Ways and Means Advances	Total Floating Debt.
	Tender	Public Dept. Bank of England	
1960			
Nov. 5	3,630.0	1,572.4	181.3
1961			
Aug. 5	3,280.0	1,882.6	207.3
" 12	3,290.0	1,712.9	206.6
" 19	3,290.0	1,732.5	316.8
" 26	3,280.0	1,840.0	201.9
Sept. 2	3,260.0	1,855.3	239.4
" 9	3,240.0	1,886.4	221.4
" 16	3,340.0	1,905.2	229.5
" 23	3,220.0	1,928.7	228.3
" 30	3,220.0	2,018.6	283.7
Oct. 7	3,240.0	1,998.1	207.2
" 14	3,260.0	2,003.4	208.7
" 21	3,270.0	1,997.8	183.1
" 28	3,280.0	2,003.2	211.5
Nov. 4	3,280.0	2,063.7	201.1

Money and Exchanges

THE MONEY MARKET

AT the Treasury bill tender following the cut in Bank rate to 6 per cent the syndicate of discount houses raised its bid for the 91-day bills on offer by 1s. 6d. to £98 12s. 11d., and the average rate of discount fell correspondingly by 6s. 0.47d. to £5 8s. 6.10d. per cent. This was not a large absolute fall after a ½ per cent cut in Bank rate but after the anticipatory reductions in bill rate it has nonetheless placed the rate ½ per cent below the new Bank rate. This leaves the market little room for manoeuvre, and since it is already having to pay 5½ per cent for day to day money to finance bills taken up this week at 5½ per cent, it is possible that the downward slide in the bill rate may soon be checked. The market's allotment of 91-day bills and the first of the 63-day bills averaged 69 per cent compared with the previous week's 66 per cent.

Credit has again been tight in Lombard Street this week and the authorities have taken the opportunity of forcing the market to borrow from the Bank of England at the penal rate on all but two days.

This week in New York the authorities increased the bill offer in order to drive-up short-term rates. The three months bill rate rose from 2.280 per cent to 2.349 per cent.

MONEY RATES

LONDON	
Bank rate (from 6½% 2/11/61)....	6
Discount rates (Wednesday):	%
60 days.....	5½-5½½
3 months.....	5½-5½½
6 months.....	5½-5½½
Call money:	
Clearing banks' minimum.....	4½
Day-to-day.....	4½-5½

NEW YORK

Official Discount rate: (from 3½%, 11/8/60) 3	Treasury bills: Oct. 30..... 2.280 Nov. 6..... 2.349
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LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Effective Limits	Market Rates: Spot				
		November 8	November 2	November 3	November 4	November 6
United States \$	2.78-2.82*	2.815-2.816	2.815-2.816	2.815-2.816	2.815-2.816	2.815-2.816
Canadian \$	13.622-14.027	2.901-2.902	2.901-2.902	2.901-2.902	2.901-2.902	2.901-2.902
French Fr.	11.94-12.547	13.823-83	13.823-83	13.823-83	13.823-83	13.823-83
Swiss Fr.	137-96	12.157-161	12.157-161	12.157-161	12.157-161	12.157-161
Belgian Fr.	142-05	140-00-05	140-00-05	140-00-05	140-00-05	140-00-05
Dutch Gld.	9.983-10.281	10.125-126	10.125-126	10.125-126	10.125-126	10.125-126
W. Ger. D-Mk.	11.037-11.365	11.247-251	11.251-251	11.251-251	11.251-251	11.251-251
Portug. Esc.	80-17-27	80-17-27	80-17-27	80-17-27	80-17-27	80-17-27
Italian Lire	1725-1775	1745-461	1746-461	1746-461	1746-461	1746-461
Swedish Kr.	14.271-14.70	14.543-55	14.543-55	14.543-55	14.543-55	14.543-55
Danish Kr.	19.061-19.62	19.371-72	19.371-72	19.371-72	19.371-72	19.371-72
Norwegian Kr.	19.71-20.301	20.031-34	20.031-34	20.031-34	20.031-34	20.031-34
* Official Limits						
One Month Forward Rates						
United States \$	13.6-11.6c. pm	13.6-11.6c. pm	13.6-11.6c. pm	13.6-11.6c. pm	13.6-11.6c. pm	13.6-11.6c. pm
Canadian \$	2.9-3c. pm	2.9-3c. pm	2.9-3c. pm	2.9-3c. pm	2.9-3c. pm	2.9-3c. pm
French Fr.	2.4-3c. pm	2.4-3c. pm	2.4-3c. pm	2.4-3c. pm	2.4-3c. pm	2.4-3c. pm
Swiss Fr.	4.1-3c. pm	4.1-3c. pm	4.1-3c. pm	4.1-3c. pm	4.1-3c. pm	4.1-3c. pm
Belgian Fr.	30-20c. pm	30-20c. pm	30-20c. pm	30-20c. pm	30-20c. pm	30-20c. pm
Dutch Gld.	2.7-2c. pm	2.7-2c. pm	2.7-2c. pm	2.7-2c. pm	2.7-2c. pm	2.7-2c. pm
W. German D-Mk.	4.3-2p. pm	4.3-2p. pm	4.3-2p. pm	4.3-2p. pm	4.3-2p. pm	4.3-2p. pm
Three Months Forward Rates						
United States \$	2.17c. pm	2.17c. pm	2.17c. pm	2.17c. pm	2.17c. pm	2.17c. pm
Canadian \$	2.1-2c. pm	2.1-2c. pm	2.1-2c. pm	2.1-2c. pm	2.1-2c. pm	2.1-2c. pm
Swiss Fr.	10.1-9.3c. pm	10.1-9.3c. pm	10.1-9.3c. pm	10.1-9.3c. pm	10.1-9.3c. pm	10.1-9.3c. pm
W. German D-Mk.	10.9-9.2p. pm	10.9-9.2p. pm	10.9-9.2p. pm	10.9-9.2p. pm	10.9-9.2p. pm	10.9-9.2p. pm
Gold Price at Fixing						
Price (s. d. per fine oz.)	250/23½	250/2	250/11½	250/13½	250/11½	250/11½

BANK OF ENGLAND RETURNS

	Nov. 9, 1960	Nov. 4, 1961	Nov. 11, 1961
Issue Department*			
Notes in circulation.....	2,224.6	2,305.2	2,313.8
Notes in banking dept.....	25.8	20.1	61.6
Govt. debt and securities.....	2,247.7	2,324.0	2,374.0
Other securities.....	0.8	0.7	0.8
Gold coin and bullion.....	0.4	0.4	0.4
Coin other than gold coin.....	1.5	0.3	0.3
Banking Department:			
Deposits:			
Public accounts.....	9.2	15.4	12.2
Special deposits.....	150.3	230.3	232.7
Bankers.....	248.2	248.9	249.2
Others.....	64.9	70.1	68.4
Total.....	472.7	564.6	562.5
Securities:			
Government.....	405.2	467.5	400.4
Discounts and advances.....	39.7	74.8	98.2
Other.....	19.1	19.2	19.3
Total.....	464.0	551.5	517.9
Banking department reserve.....	20.5	21.0	62.4
"Proportion".....	5.6	3.7	11.1

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased by £50 million to £2,375 million on November 8th.

TREASURY BILL TENDERS

Date of Tender	Amount (£ million)		Three Months' Bills	
	Offered	Applied for	Average Rate of Allotment	Allotted at Max. Rate*
1960				
Nov. 4	91 day 250.0	63 day 30.0	480.3	57 9.79 % 58
1961				
Aug. 4	250.0	386.0	134 3.33	44
" 11	250.0	394.7	134 8.51	41
" 18	250.0	379.6	134 1.83	61
" 25	260.0	409.9	134 0.12	39
Sept. 1	250.0	379.8	134 0.50	48
" 8	260.0	446.6	132 10.81	60
" 15	250.0	407.0	131 10.99	59

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

BRITISH

Prices and Wages..... Oct. 21st External Trade..... Nov. 4th
Manpower and Output.... Sept. 23rd Industrial Profits..... Oct. 14th

OVERSEAS

Western Europe..... Sept. 30th United States..... This week

The United States

Monthly averages or calendar months except where annual rates are shown.

PRICES AND WAGES

	Wholesale prices		Consumer prices				External prices			Stock prices Composite index	Average weekly earnings in manufacturing	
	All commodities	Farm products	All items	Food	Clothing	Housing	Import	Export	Terms of trade		At current prices	At 1960 prices
1947-49 = 100						1948 = 100			1957-59 = 100	\$		
1948	104.4	107.3	102.8	104.1	103.5	101.7	100	100	100	36.6	54.14	65.54
1959	119.5	89.1	124.6	118.3	107.9	129.2	117	110	106	116.7	89.47	90.83
1960	119.6	88.8	126.5	119.7	109.4	131.5	118	111	106	113.9	90.91	90.91
1961, June	118.2	85.1	127.6	120.9	109.6	132.4	116	114	102	132.8	94.24	93.40
.. July	118.6	87.1	128.1	122.0	109.9	132.4	...	...	...	132.7	94.00	92.79
.. August	118.9	88.6	128.0	121.2	109.9	132.3	...	...	...	137.4	93.83	92.72
.. September	118.8	87.2	128.3	121.1	111.1	132.6	...	...	...	136.2	92.66	...

PRODUCTION AND MANPOWER

	Gross national product Seasonally adjusted annual rate	Total industrial production	Manufacturing production						Building New construction: seasonally adjusted annual rates	Civilian employment ¹		
			Durable goods			Non-durable goods				Total labour force	Total employ- ment	Unem- ployed as per cent of labour force; seasonally adjusted
			Total	Metals	Vehicles, etc.	Total	Textiles, clothing	Chemicals and petroleum products				
	\$ billion		1957 = 100 ; seasonally adjusted						\$ billion	thousands		
1948	259.4	68	64	84	44	72	87	54	23.2	61,442	59,378	3.4
1959	482.8	105	102	90	98	110	115	113	56.6	69,394	65,581	5.5
1960	504.4	108	104	91	102	114	115	118	55.6	70,612	66,671	5.6
1961, May	516.1 ⁷	108	103	90	99	116	113	122	55.9	71,546	66,778	6.9
June	...	110	105	92	101	117	116	125	57.6	74,286	68,706	6.8
July		112	107	95	102	119	118	127	57.2	73,639	68,499	6.9
August	526.0 ⁸	113	108	98	103	120	121	128	57.8	73,081	68,539	6.9
September		112	105	98	95	121	121	127	58.4	71,123	67,038	6.8 ⁹

TRADE

	Personal consumption Annual rates	Wholesale		Retail		Imports for US consumption			Exports of US merchandise		Volume of trade	
		Sales	Stocks ²	Sales	Stocks ²	Total	Crude materials	Semi-manufactures	Total	Finished goods	Imports	Exports
		\$ billion; seasonally adjusted				\$ million			\$ million		1948 = 100	
1948	178.3	7.5	7.9	10.9	15.8	591	179	136	1,044	591	100	100
1959	314.0	12.3	12.6	18.0	24.3	1,249	258	275	1,453	878	182	127
1960	328.9	12.3	13.2	18.3	25.4	1,221	251	258	1,692	953	175	147
1961, April	...	12.1	13.4	17.9	24.4	1,046	203	225	1,688	991	152	143
.. May	336.17	12.8	13.5	18.0	24.5	1,189	230	267	1,725	989	174	146
.. June	...	12.8	13.5	18.2	24.6	1,189	239	254	1,678	982	174	143
.. July	...	12.5	13.6	18.0	24.7	1,241	254	257	1,617	941	...	...
.. August	342.08	13.1	13.6	18.2	24.5	1,250	259	252	1,633	928	...	...

PURCHASING POWER AND FINANCE

	Personal income			Consumer credit ¹		Banking statistics ³		Budget expenditure ⁴		Bond yields		
	Total	Labour income	Farm income	Total	Instalment	Investments	Loans	Total	Surplus or deficit	3-month Treasury bills	Taxable Govt. bonds ⁵	Corporate Aaa bonds
	\$ billion; seasonally adjusted annual rates			\$ billion; end of period		\$ billion; end of period		\$ billion		Per cent per annum		
1948	210.4	137.9	17.8	14.45	9.00	71.8	42.5	33.1	+ 8.4	1.040	2.44	2.82
1959	383.3	268.8	11.3	52.12	39.85	79.4	110.8	80.3	+ 12.4	3.405	4.08	4.38
1960	404.2	282.2	12.0	56.05	43.28	81.9	117.6	76.5	+ 1.2	2.928	4.02	4.41
1961, May	413.2	288.0	12.9	54.39	42.13	83.4	117.9	7.2	+ 0.7	2.288	3.73	4.27
.. June	417.3	291.7	13.0	54.79	42.44	83.9	118.0	7.9	+ 2.8	2.359	3.88	4.33
.. July	421.2	293.4	12.9	54.69	42.46	87.0	118.1	6.3	+ 3.3	2.268	3.90	4.41
.. August	419.4	294.0	12.8	54.89	42.64	86.7	118.5	7.6	+ 1.3	2.402	4.00	4.45
.. September	420.2	294.4	12.7	...	...	89.3	120.8	6.8	+ 2.2	2.304	4.02	4.45

(1) 1948 figures are not strictly comparable. (2) End of period. (3) All commercial banks. (4) Annual figures are totals for the fiscal years ended June 30th. (5) Bonds due or callable from 10 to 20 years (except 1948: due or callable after 15 years). (6) September, 18-2. (7) Average for second quarter. (8) Average for third quarter. (9) October 6-8.

APPOINTMENTS

Unilever

RAW MATERIALS

UNILEVER INVITES APPLICATIONS FOR THE POST OF BUYER OF RAW MATERIALS.

The man appointed will join the central team in London which buys oilseeds, oils, and fats in world markets for Unilever companies in many countries. He will be responsible to the Chief Buyer for advising on policy on his particular commodities and for executing buying orders on behalf of Unilever companies.

Candidates should be in the age range of 28-33 years. They must have considerable experience in the world oils and fats trade. They must have a quick and acute mind and the calibre to make important decisions and stand by them. They must be able to work with people at many levels, both inside and outside Unilever.

The starting salary will depend on qualifications and experience, but will not be less than £1,500 per annum.

Applications, which will be treated in strict confidence, should be addressed to: — THE CHIEF BUYER, UNILEVER RAW MATERIALS LIMITED, UNILEVER HOUSE, LONDON, E.C.4

International Metallurgical Company requires:—

MALE SECRETARY JUNIOR EXECUTIVE

To travel with Chairman probably spending 4 months in Europe, 4 months in U.S.A. and 4 months travelling elsewhere in the world.

Duties will include:—

- * Preparing agendas and keeping clear minutes of meetings.
- * Initiating active follow-up of branch companies, agents or important decisions.

Requirements are:—

- Single, Age 24-30;
- Stable and discreet character, pleasant and adaptable personality;
- Very good French;
- Commerce or Economics degree or Commercial experience;
- Good shorthand-typing.
- Salary by arrangement.

This is a permanent, progressive post with a well-established and expanding Company.

Interviews will be arranged in London during November.

Apply in your own handwriting giving curriculum vitae to Box 1563, The Economist, 22, Ryder Street, London, S.W.1.

THE UNIVERSITY OF MANCHESTER

EXTRA-MURAL DEPARTMENT

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Applications are invited from graduates in Economics or Commerce for appointment to the above-mentioned Fellowship. The Fellow will be required to study the costs and economic benefits of the Ord River Scheme in the north of Western Australia. The level of the appointment will depend on the successful applicant's qualifications and experience and will be either a Senior Research Fellowship within the salary range £A2,450-£3,000 p.a. or a Junior Research Fellowship within the salary range £A1,750-£2,450 p.a. In the case of a Senior Fellow the tenure will be for a period of twelve months, and for a Junior Fellow a period of eighteen months.

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BREWERY MANAGER

Applications are invited from University Graduates in Economics or Industrial Management for the post of Manager of the new Brewery now under construction at Umuahia-Ihekwa.

Applicants should not be under 35 years of age and have had at least ten years' experience in a commercial or industrial establishment. He must be a person of proven ability but may be required to undergo practical training in a brewery in Nigeria or overseas.

Applications should be addressed to the General Manager, Industrial and Commercial Division, E.N.D.C., Head Office, Enugu, Nigeria, to reach him not later than November 30, 1961, and clearly marked "BREWERY MANAGER."

EASTERN NIGERIA DEVELOPMENT CORPORATION ENUGU—NIGERIA

Applications are invited from University Graduates in Economics with qualifications in marketing for the post of

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in the new Brewery now under construction at Umuahia-Ihekwa.

Applicants should not be under 35 years of age and have had ten years' experience as a Sales Manager in a commercial establishment. He must be a person with proven sales and marketing abilities but may be required to undergo further training in Nigeria or overseas.

Applications should be addressed to the General Manager, Industrial and Commercial Division, ENDC, Head Office, Enugu, Nigeria, clearly marked "Sales Manager", to reach him not later than November 30, 1961.

EASTERN NIGERIA DEVELOPMENT CORPORATION ENUGU—NIGERIA

Applications are invited from University Graduates in Economics or Industrial Management for the post of

MANAGER

of the new Glass Industry now under construction at Trans-Amadi Layout, Port Harcourt.

Applicants should not be under 35 years of age and have had at least ten years' experience in a commercial or industrial establishment. He must be a person of proven ability but may be required to undergo practical training in a Glass Industry overseas.

Applications should be addressed to the General Manager, Industrial and Commercial Division, E.N.D.C., Head Office, Enugu, Nigeria, clearly marked "Glass Manager."

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SALES MANAGER

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Applications are invited from University Graduates in Economics with qualifications in marketing for the post of Sales Manager in the new Glass Industry now under construction at Trans-Amadi Layout, Port Harcourt.

Applicants should not be under 35 years of age and have had 10 years' experience as a Sales Manager in a commercial establishment. He must be a person with proven sales and marketing abilities but may be required to undergo further training in Nigeria or overseas.

Applications should be addressed to the General Manager, Industrial and Commercial Division, E.N.D.C., Head Office, Enugu, Nigeria, clearly marked "Sales Manager", and should reach him not later than November 30, 1961.

For further appointments and other classified advertisements see pages 604 and 605

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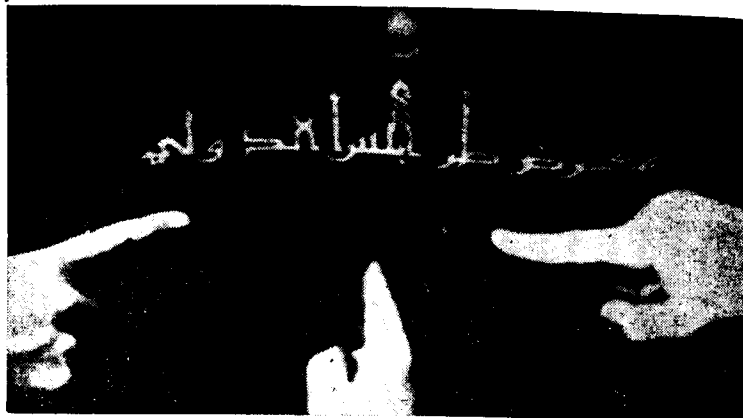
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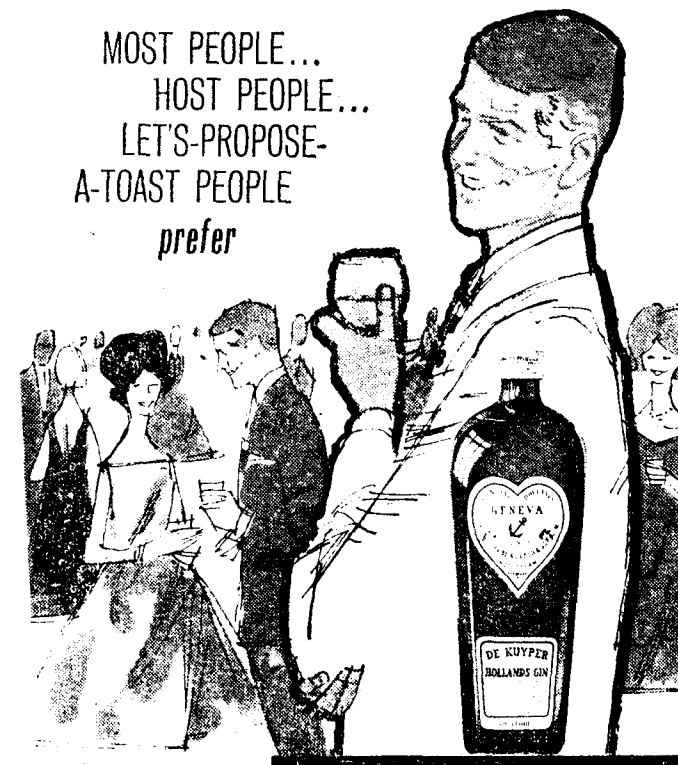
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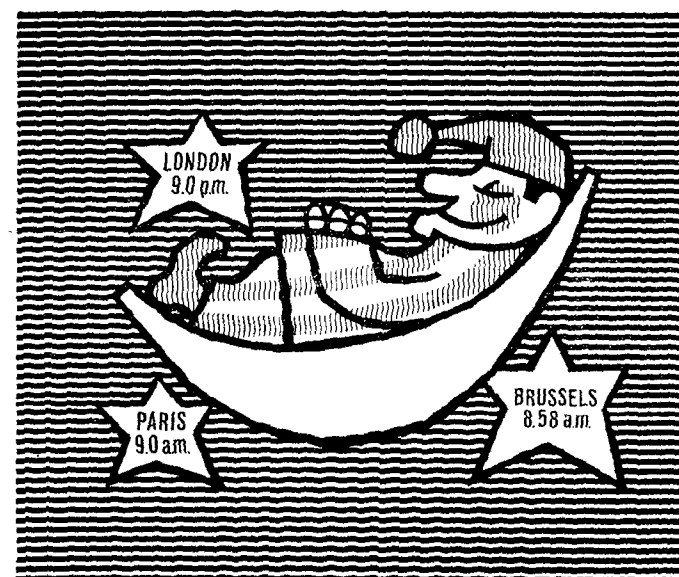


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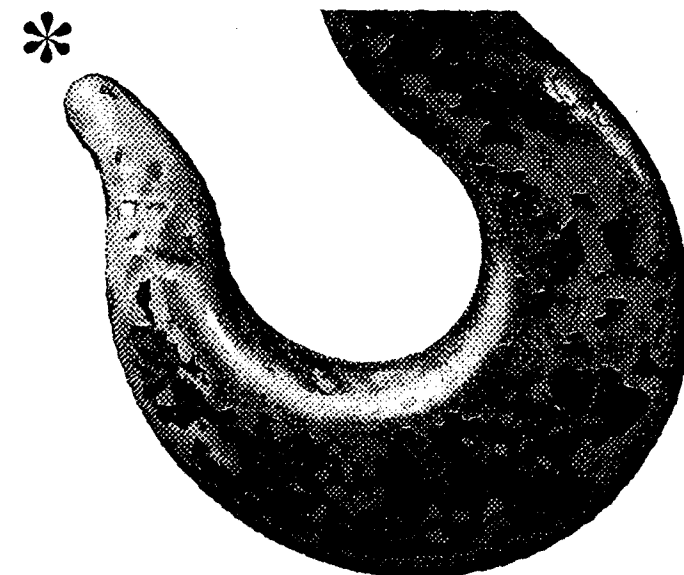
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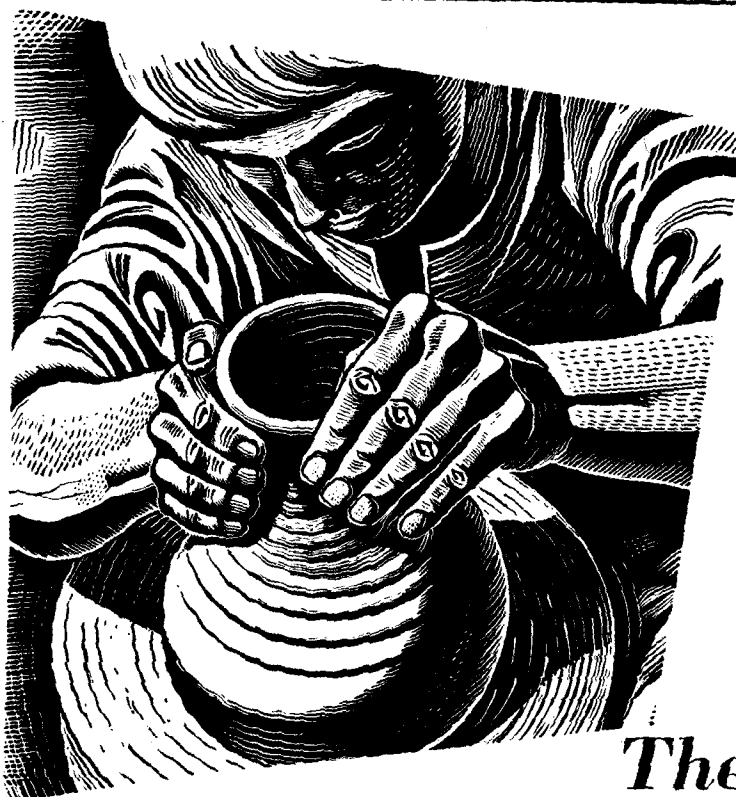
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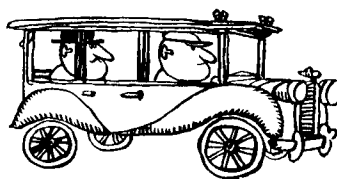
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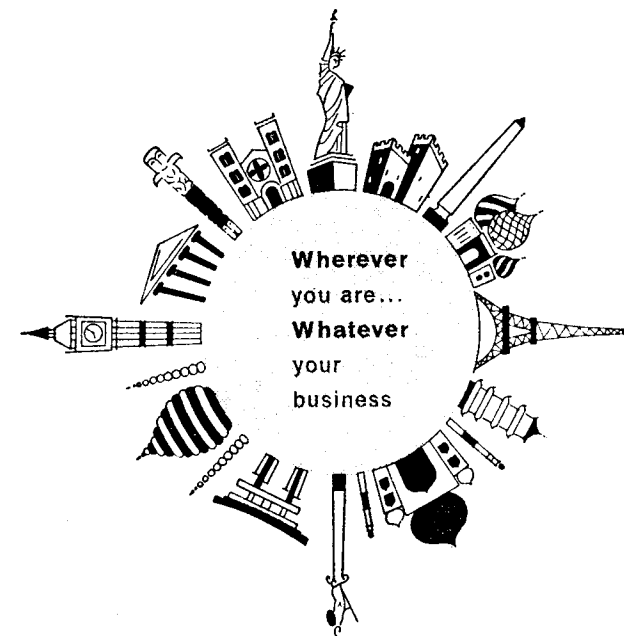
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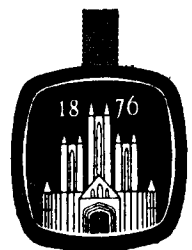
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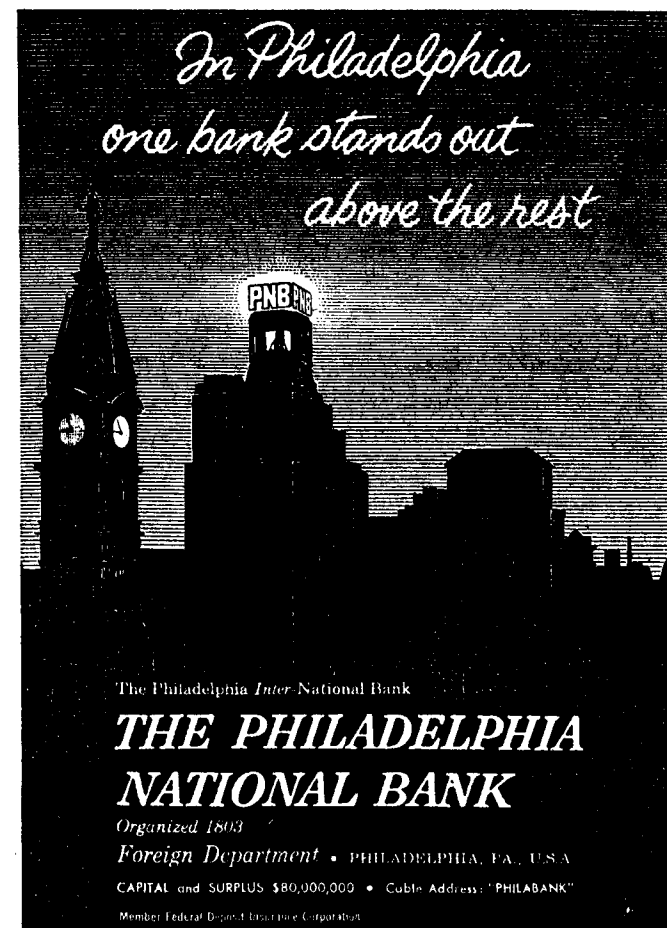
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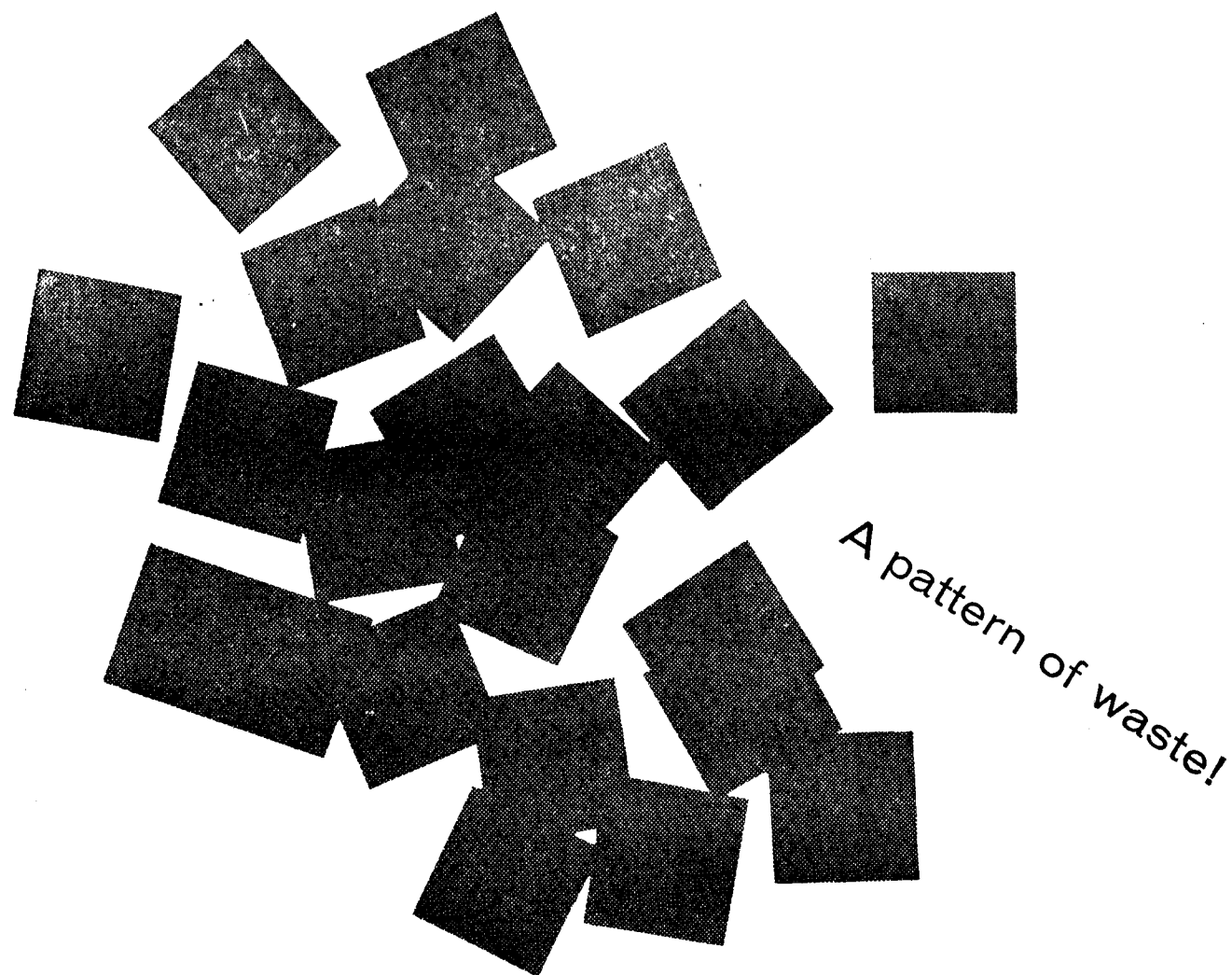
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INTERNATIONAL

LOYALTY IN SIGHT

The Six are now ready to welcome the British candidacy for their club but, as the meeting in Brussels last week showed, the boxing about rules of entry is no longer shadow (p. 654).

• Meanwhile, in Paris, the established members are at odds about schemes for political union (p. 656).

• Canadians do not conceal their dismay at Britain's progress towards Europe; Mr Diefenbaker, showing a spark of gamesmanship at last, is trying to force Britain to declare its hand before he shows his (p. 657).

• Mr Douglas Jay suggests again, in a letter on p. 644, one issue on which he thinks Britain should stand firm. Argentina is worrying about the effect of the common market on its meat exports to Europe (p. 640).

Against the background of famine in East Africa, the British Government is showing some new initiative in thinking of ways to help backward countries with their agricultural problems (p. 634).

LOYALTY IN DOUBT

Some are shocked by the bomb tests, others by Mr Khrushchev's curt treatment of Albania and even curter treatment of Stalin's ghost. Mr Khrushchev has bruised the unity of the communist camp, but who—Russia, China or the West—stands to gain? (p. 627).

Italian communists are shattered by Mr K's tales of Stalin's crimes (p. 658). But it takes a thick brush to paint out Stalin's name (p. 643).

Dr Adenauer may not be able to rely on much team spirit from his motley new cabinet (p. 634). He has been embarrassed by his turbulent ambassador in Moscow, but Dr Kroll's initiative may, in fact, have stimulated the search for a negotiated settlement to the Berlin question (p. 629).

Dr Salazar, it seems, is immovable; the best to hope for is that his feudal principles will eventually be buried with him (p. 632). Two new books on Portugal are reviewed on p. 646.

The chairman of the Foreign Relations Committee of the United States Senate is fighting for the loyalty of his constituents with arch-reactionaries in Arkansas (p. 669).

LOYALTY TO WHOM?

New disturbances in the Congo eat away at the central government's ragged authority (p. 653). The Security Council is again debating what it can do to help: if the United Nations fails, others may have a go (p. 633).

The Queen's visit has called a truce to Ghana's political troubles—but it is only a truce (p. 653).

India wants to reduce the foreign exchange it has to spend on oil. Inside the country it can put pressure on the refineries; in trading outside it lacks bargaining power (p. 679).

Mr Nehru, in Washington, has reminded his listeners that most countries are less concerned with the mighty problems of the cold war than the West would like them to be (p. 634).

General Park, who has also been in Washington, is making a show of liberalisation in South Korea (p. 638).

In Cambodia, the quality of neutrality is much strained (p. 661).

General Taylor's report to President Kennedy on Vietnam is still secret, but Washington has its ideas (p. 670).

What now happens to the Singapore base? (p. 637).

HOME

UNDER THE WEATHER

Mr Lloyd's economic policy looks now in the doldrums, perilously close to the rocks of which the Chancellor himself recently gave warning (p. 625).

October's trade figures are disappointing, but the Chancellor still feels that we are balancing our current account (p. 683).

This week's two most important strikes are hard to solve—and need probably never have happened (p. 640).

Lingering hopes of a recovery in lead prices have drifted away with the falling leaves (p. 688).

Lightship crews: the wages of boredom (p. 665).

OVER THE RAINBOW

Cash for Culture: a guidebook for a British Maecenas (p. 630).

Funds for Building: the building societies need to give their image a new shine—and they must not fear high interest rates (p. 681).

Drinking Scotsmen: the new concessions on Sunday opening north of the border do not go far enough—and may look like class prejudice (p. 637).

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Computers of the future—with a bedside manner? (p. 690).

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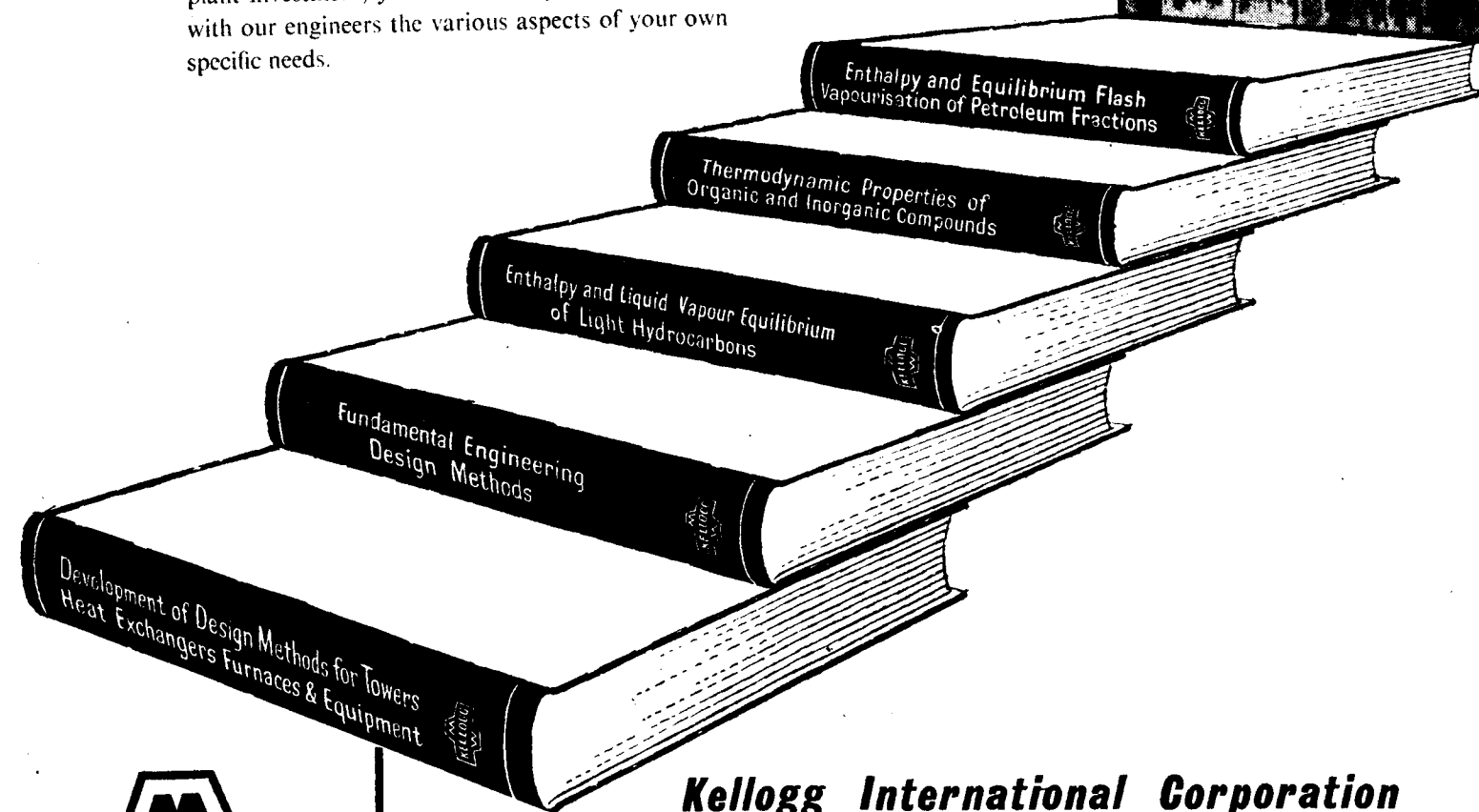
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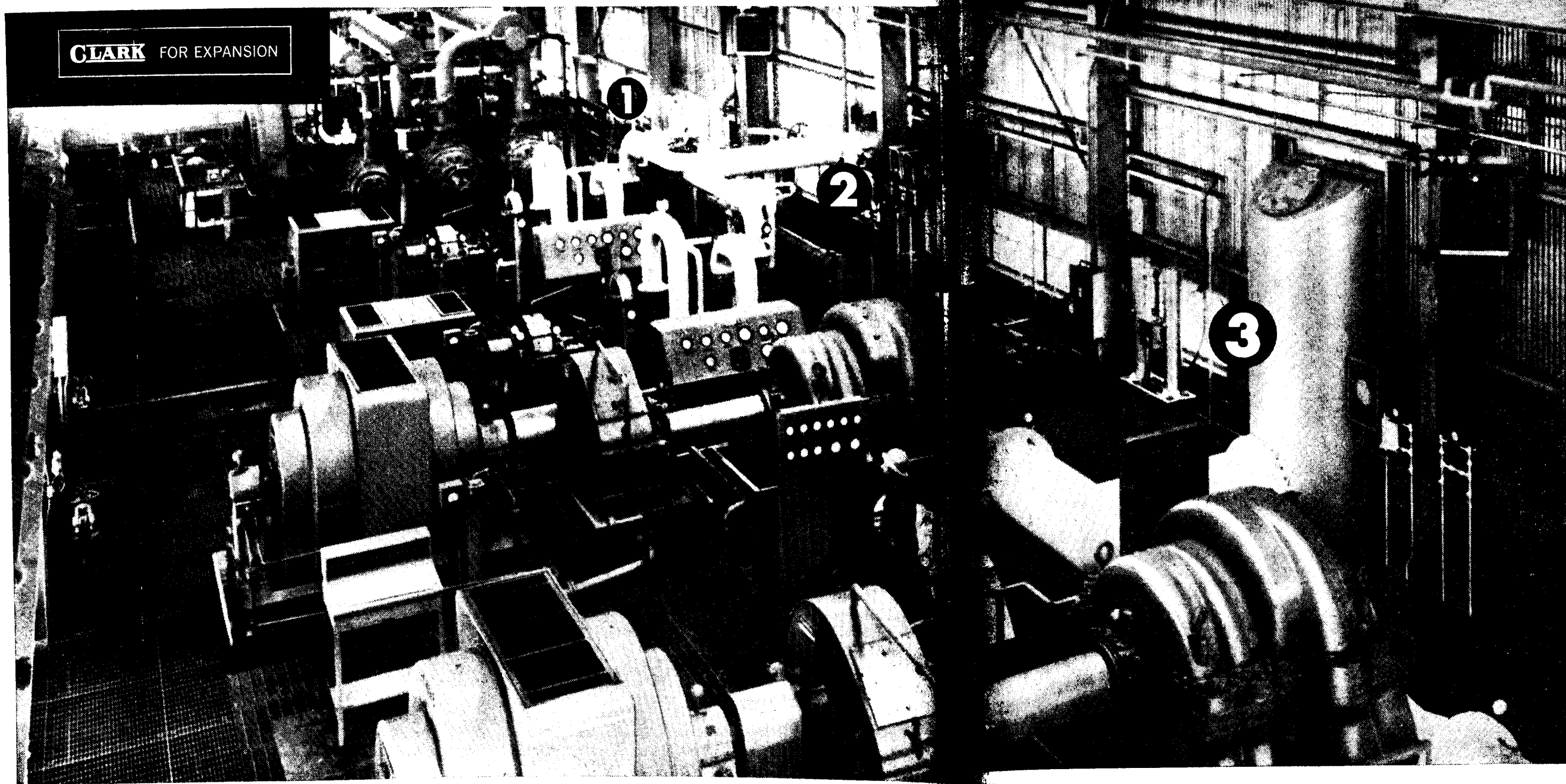
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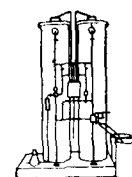
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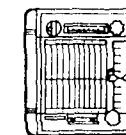


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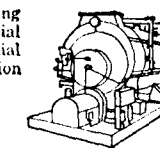
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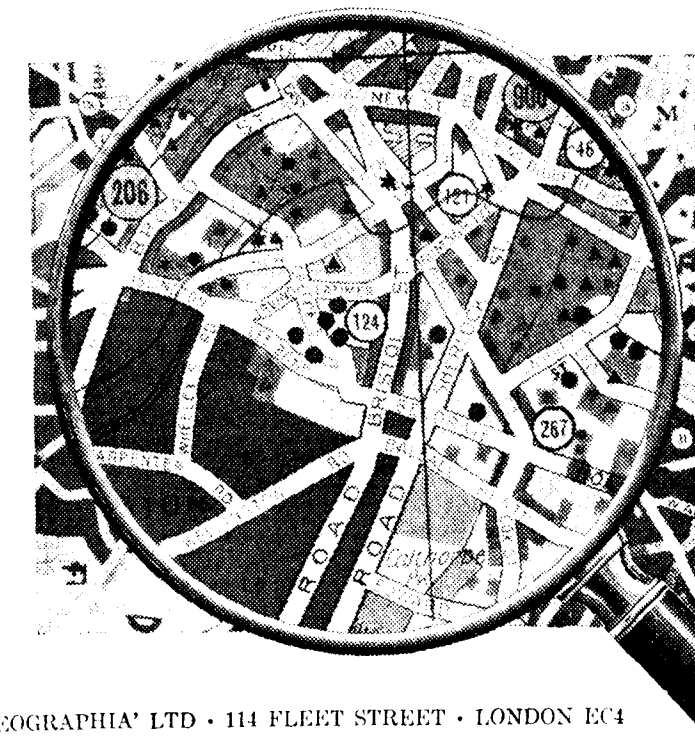
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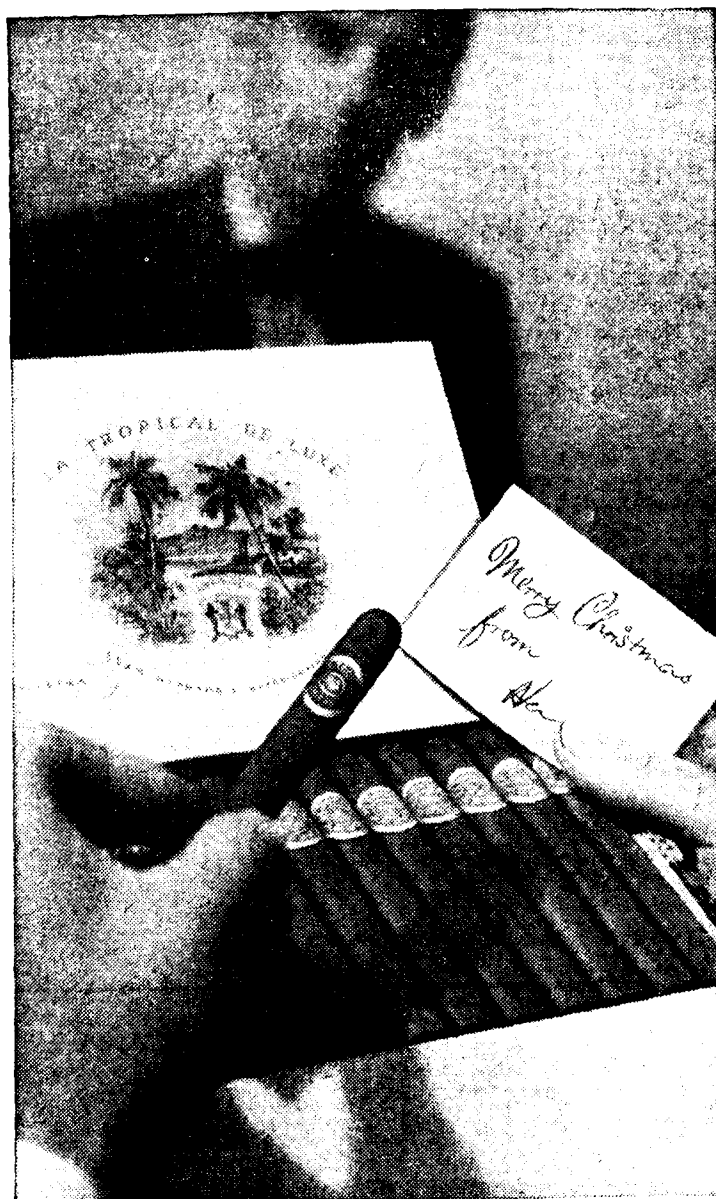
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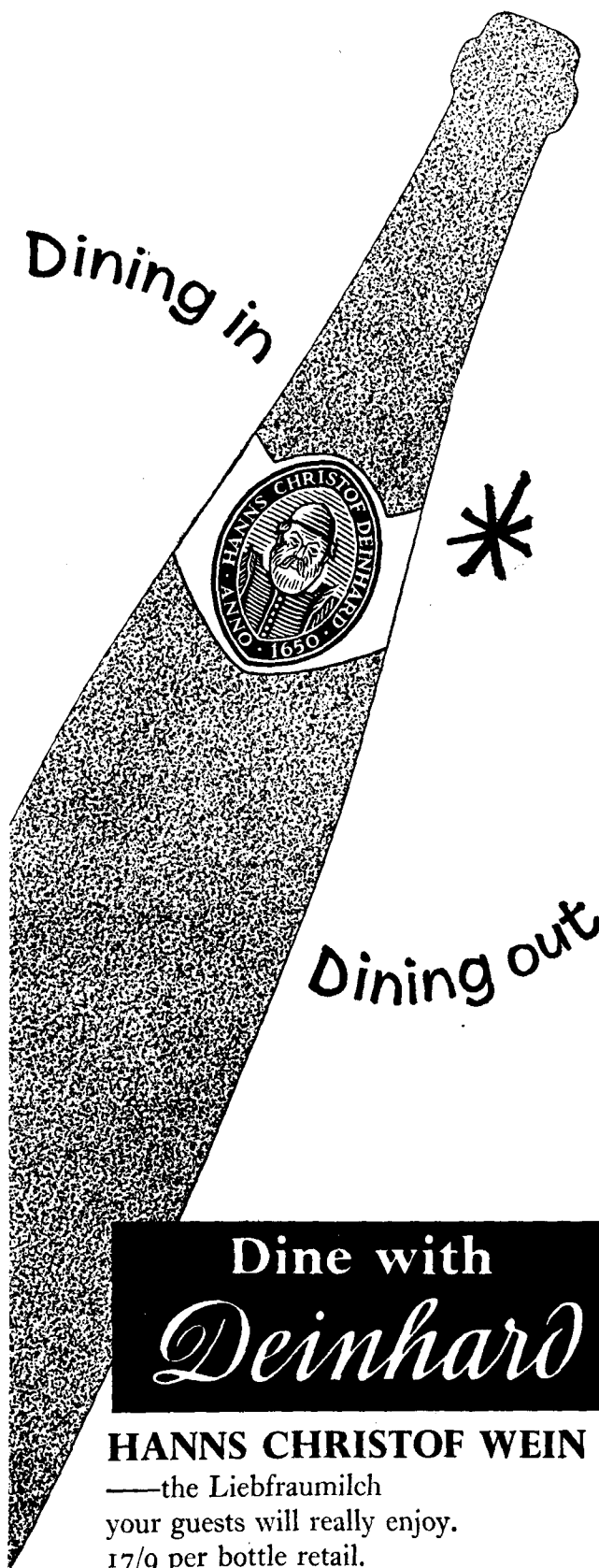
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NOVEMBER 18, 1961

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VOLUME CCI - NUMBER 6169

Is the Economy Stuck?

WHAT is happening to Mr Selwyn Lloyd's economic policy? When he introduced his July measures, he said he was determined that they should not be merely expedients but should give Britain a breathing space in which to introduce fundamental economic changes, so that the country should henceforth achieve steady growth without inflation. Whether he recognises it or not, the speeches he is uttering nowadays are a complete and specific reversal of that policy: his theme now, struck alternately *allegro* and *penseroso*, is that Britain cannot afford to expand its production until it expands its exports by at least twice as much. And if world market conditions do not allow Britain's exports to go up, his remedy is to "continue to restrain home demand," for his "view is that nothing will frustrate the export drive more than the pull of the home market."

In and by itself, this is a pre-Keynesian policy for a return to a sort of reinforced automatism in economic affairs. Under it, when the state of the world trade cycle allows Britain's exports to rise a bit, production could be allowed to go forward for a while; but when the state of the world cycle forces Britain's exports to contract, Mr Lloyd's policy would oblige him to cause British production to contract twice over, not merely by the direct amount of the fall in exports but by a bit more still on top of that (in order to restrain "the pull of the home market"). This would not be a policy for ending "stop-go methods" of managing the economy; it would be a policy for quite deliberately reinforcing them.

The pain and sweat of this policy might be obscured in the immediate future because it is possible that Britain is temporarily entering a "go" period for its exports and balance of payments—although the October trade figures (discussed on page 683) certainly do not allow one to draw dogmatic conclusions that this is so. But Mr Lloyd needs to recognise that the extent to which Britain's balance of payments can be strengthened depends, tautologically, on the extent to which other countries' balances of payments are allowed to worsen. Which are these other countries? There is one major competitor of Britain that is certainly not going to allow its payments to worsen next year; the United States administration, worried by its large deficit in the third quarter of 1961, intends to take steps to try to improve its current balance fundamentally. There is a hope that Germany's current surplus may decline from now on; revaluation has already reduced its future export orders, although not its current export surplus as yet. But the Germans are suffering something of a nervous shock because people are fleeing from the D-mark on capital account (worried by both Berlin and Bonn politics) and because German production (which found its most dynamic element in export orders for so long) is much less buoyant than it was; one doubts if the Germans can or will be very good-neighbourly in allowing their export surplus to contract easily, massively and without resistance next year.

No doubt the ideal prescription for world economic expansion would be for all the developed countries to run the sort of increasing export surplus that they apparently regard as a pre-requisite for their progress and their dignity, and for the underdeveloped countries to run a concomitant increasing deficit. This latter could then be financed by an annual increase in international aid and in world liquidity, preferably pumped out through making the International Monetary Fund an international credit-creating central bank. But there has been no real

move this year towards making the IMF a new credit-creating agency of this kind. The prospects of increasing British and American exports to less developed countries in 1962 (by this one does not mean merely Afro-Asian nations, but also countries like Australia) will therefore depend mainly on whether those countries can step up their imports with payments out of their present currency balances and accumulated earnings. Some of them, particularly in the sterling area, have been artificially restricting imports this year, and may want to increase their stocks of manufactured goods soon; but the decline in some primary commodity prices since last May seems bound to keep their buying power under restraint after a while. The best tentative guess that one can make at present is that Britain's total exports should rise for a time; but that this rise may not continue (indeed, may be reversed) after about the first half of next year.

This forecast of timing may prove to be all wrong, but the timing is a matter of detail. What is blazingly obvious is that Britain has not yet improved its competitive power so far that it can look forward to adequate exports at all stages of the world trade cycle, and that under present policy Mr Lloyd would be obliged to respond to any cyclical downturn in exports by cutting back Britain's economic re-expansion, if indeed re-expansion had by then even got going. The prospect of an eventual (and possibly pretty early) stop to re-expansion could be averted only if we used the present breathing space to set in train a massive expansion in Britain's share of world exports, at the expense of the share held by our competitors. There are three ways in which this could be done, but at present the Government is treating two of them as unmentionable and the other as impracticable.

ONE way would be by a devaluation of sterling; by making many British goods cheaper in world markets, this might now put up British exports by quite a lot. But, quite apart from difficulties of prestige and of internal economic friction, the massive objection to this is that it would threaten to break up the makeshift key currency system on which (for all its faults) pretty well all international trade now depends; under present circumstances devaluation of sterling would almost certainly be followed by devaluation of the dollar and would merely set a competitive crisis of devaluations alight. The same objection applies to a system of letting the sterling exchange rate float, which might otherwise seem to be a sensible accompaniment of the sort of planning system which Mr Lloyd claims to have in mind; if British planning is really to be based on the assumption that we can expand production by 3 per cent only so long as exports increase by 6 per cent, a floating exchange rate would theoretically be a good regulator through which to express decisions about how much growth (paid for by how much internal price inflation) we really wanted at a time when exports were sticking. There would be one other circumstance for which Mr Lloyd might be wise to keep a threat to float sterling up his sleeve. If it seemed possible that by thus threatening to throw the key currency system in chaos, Britain could persuade other countries to put some new and more expansive world currency system (such as a reform of the IMF) in the key currency system's place, there would be something to be said for this British act of panache. But in the present state of international financial diplomacy, the threat would be unlikely to work; much more

probably, we would get all the chaos without the necessary reform.

There remains the third possible policy, and the one to which Mr Lloyd was supposed to be committed: namely, to use the present breathing space for some major changes in policy, in a heroic effort to make Britain an export-orientated economy of the Erhard-economic-miracle type, fiercely competitive at the present sterling exchange rate. (Let it be made quite clear that if Britain did manage to build up a larger export surplus in this way it would cause considerable difficulties for people like the Americans and the Germans, just as the large German surplus of recent years has caused considerable difficulties for the Americans and us; but once we were in a strong position we could mitigate that difficulty by pressing for a reform in the IMF, of a sort much larger than that which the Germans and French, when they were in a strong position, so tartly vetoed this year.) Nobody denies that the efforts to achieve such an economy in Britain would have to be prodigious, but everybody ought to know by now what broad forms they should take: all of them would be desirable for Britain in their own right; and it is worth looking at how badly the Government is now failing to implement them.

THE first need for national efficiency is to concentrate Britain's resources on its most profitable and economic industries, and to close down uneconomic industries ruthlessly; everybody now pays intermittent lip service to this, but Hansard this week provides two eloquent examples of what is not being done. On Monday the Minister of Fuel virtually boasted that the Coal Board is sacking miners from uneconomic Scottish pits at a rate "rather below" that originally adumbrated in the "Revised Plan for Coal"; and on Tuesday the Commons duly debated and approved a brand new ten-year-long subsidy for uneconomic forms of fishing. Again, one obvious way to weed out inefficient industries and firms would be to cut Britain's tariffs on manufactured goods, because British concerns which could not survive free foreign competition on the home market are by definition the expendable concerns that have no hope of challenging free foreign competition in export markets; earlier this year there was much talk of the possibility of a unilateral cut in Britain's tariffs, but it is now pretty clear that nothing much is going to be done. It is true that an increase in freedom for imports from abroad might at first react badly on the current balance of payments, but it would have been worth bearing this strain and countering it by keeping up interest rates in order to attract foreign support for sterling; instead interest rates are being brought down.

If inefficient firms and industries find that their activities are cut, it is important that they should release their surplus labour promptly for employment elsewhere; this would necessitate an increase in transitional unemployment, but nothing whatever is being done to encourage or to handle this. Instead of introducing a new nationally-financed redundancy payments scheme, the Government is allowing the burden of redundancy payments to be thrown on the firms who sack the labour, so that the cost of releasing labour for redeployment is actually increased. And some of the Government's own proposed new economies have actually been directed to services which retrain the unemployed. In order to make the best use of labour resources, there is some case for redirecting new

industrial effort from the scarce-labour areas to the unemployment-surplus areas, from the Birminghams to the Scotlands, but only if this can be done in a way that does not increase costs; it is now urgent that wage rates should be allowed to be lower in unemployment-surplus areas than in boom towns.

But the nationalised industries are precisely the ones which are showing themselves afraid to introduce such district differentials; this week the nationalised electricity industry has reacted to its problem of recruiting workers in some labour-scarcity areas by offering a wage increase which it will also apply in areas where it has no problems of recruitment at all. If costs are to be held down, it is important that public sector industries should be brave about standing up to strikes; instead they are currently proving to be the first to shuffle away from them.

The part that "planning" could play in this would be by reporting on which the potential growth industries are, and setting targets for them and for the nation, like the ambitious target growth rate of $4\frac{1}{2}$ per cent a year which President

Mottled Reds

Mr Khrushchev's policies are stirring up fresh ferment in the communist camp; the rift with Peking widens

AS a mighty tree with deep roots does not fear any storm, so the new socialist world does not fear any adversity or shock." These brave words were spoken by Mr Khrushchev on the opening day of the 22nd Soviet party congress. Western sceptics would be wrong to dismiss them as wishful thinking. Yet the process of change and readjustment (and the reaction to change) that began in 1953 with Stalin's death, and was given a sharp shove forward by Mr Khrushchev at the 20th party congress in February, 1956, is not nearly worked out. It could bring adversity upon the communist world; it will certainly give it shocks.

It does not help, moreover, when the shocks are, as it were, self-administered. By the time the congress was over, Mr Khrushchev, a prey to conflicting pressures within his own party and to the compulsions of his own ideas, had been forced to administer three new shocks to the world communist movement. He threatened to explode a 50-megaton bomb and did in fact, through a miscalculation by his scientists, let off an even bigger one. He completed the process of destalinisation begun five years ago and symbolised this by authorising the removal of Stalin's body from its place beside Lenin's in the mausoleum in the Red Square. Finally, he brought his quarrel with Albania (and China) into the open in a way that can hardly fail to impair the "monolithic unity" of the block upon which he sets such store. It is still too early to have much evidence about the effects of these three events on the communist movement both inside and outside that block; in any case the effects may well be delayed and are unlikely to be given much publicity. But it is already clear that a fresh stage in the post-Stalin evolution of communism has begun.

In the long run the bomb is of less significance than the removal of Stalin's corpse or the discord over Albania. But the bomb's immediate effect is to damage the image of the

Kennedy would apparently like the OECD nations to start talking about; but British Treasury officials are reacting to President Kennedy's hopeful revivalist slogans rather like Dutch Calvinists react to acts of adultery, and Britain's own so-called planning mechanism is at present being kept in the pending tray while Mr Lloyd tries to inveigle the trade unions to join it. It would be worth tolerating some delay in establishing this planning council if the trade unions and employers, once they were on it, would be likely to push Britain's replanning in the directions that are needed—towards closing down inefficient industries, abandoning protection, introducing district wage differentials, encouraging resistance to strikes. But everybody knows that, once installed in positions of planning power, they would try to push Government policy in just the opposite directions. On the face of it, the story of Government muddle, misunderstanding of aims and of feeding these months of breathing space to the locusts could hardly be more complete. Is it impossible for the Treasury to wake up?

Soviet Union which Moscow would like to present—and in an uncomfortably practical way. Nuclear fall-out is not an abstruse ideological issue, but a direct hazard. Mr Khrushchev's explanation that the warlike designs of the imperialists make it imperative to test ever bigger bombs will not sound convincing to party members who have to explain away the possibility of a contaminated milk supply both to themselves and to those whose support they are trying to win. Already the Italian communists have expressed their dismay and resentment at the appalling propaganda liability which Mr Khrushchev's bomb is for them. Inside the communist block, where the authorities can suppress unpleasant facts, reactions will be slower and more muted. But there is evidence that the Poles, for instance, who are relatively well informed through their greater contacts with the West, are deeply disturbed.

MR KHRUSHCHEV's attack on Stalin did not have the shock of complete novelty; it was a further (and this time much more public) instalment of an iconoclastic process begun five years ago. But it is bound to have wide and deep reverberations in the world of communism, particularly inside the communist block. There was nothing secret or surreptitious about the condemnation of Stalin this time. In the Soviet party congress he was attacked quite openly and unequivocally; the crimes committed under his rule were laid bare in a way that was bound to shake and disillusion many communists who had been taught to venerate him unquestioningly; the removal of his body was demonstrative and, for this generation of Russian leaders, final.

It is inside Russia itself, where for many ordinary Russians Stalin, whatever his failings, had been a heroic national leader against Hitler's armies, that the disturbance is bound to be

deepest. But all communist parties everywhere (except perhaps the Chinese), whether in or out of power, now have to adjust their ideas and their policies to the empty place in Lenin's mausoleum. Stalin personified a way of maintaining and extending communist power. For over five years now his way has been attacked by those communists who believe that their power cannot, and should not, be permanently and exclusively maintained on foundations of terror and repression. But they have not by any means yet carried the day against the old guard stalinists, who are either incapable or afraid of changing their outlook, or against the younger fanatics.

Inside the Soviet block the Poles, led by Mr Gomulka, himself one of Stalin's victims, have been the most successful in getting rid of their stalinist past; they can face the consequences of Stalin's disgrace with some equanimity. The Hungarian communists, too, have been outspoken in their approval of Mr Khrushchev's attack on Stalin. The east German communists, on the other hand, have been swift to show symptoms of disquiet. Their central committee has even found it necessary—presumably to stop talk about Herr Ulbricht's future—to issue a statement which says in effect that the east German comrades have nothing to fear; they have never made serious mistakes; any tendency to a personality cult (Herr Ulbricht's) was disposed of years ago. The Stalinalee, and Stalinstadt, have been quickly renamed. Elsewhere in the block there are other leaders either still in power or influential behind the scenes (like Mr Chervenkov in Bulgaria) who have never been convinced that the new ways are best; and there are younger men, of the post-Stalin vintage, like Mr Novotny, the Czechoslovak president and party boss, who though more flexible than Stalin was, and no doubt averse from repeating his excesses, keep much of the stalinist outlook.

The ejection of Stalin's body from Lenin's mausoleum is not likely to settle the long-drawn-out controversy between the stalinists and the anti-stalinists within the communist parties of the world. More probably, it will give it new life, although few will want to go as far as some Italian communists who have questioned the whole basis of the system that can allow such a phenomenon as Stalin to arise. So long as communist regimes continue to be imposed in one way or another on



Now is the time for all good men

the people they govern, instead of being freely accepted by them, the stalinists will be able to put up a case. But in the long run, and if any more violent upheavals are avoided, the debate is likely to lose its vehemence, and change its character, as the various party leaderships are filled by younger men who have neither been implicated in, nor influenced by, the Stalin era; all the quicker, if they can produce more of the material benefits so often promised and so long delayed.

Harder to close in the long run may be the power-rift in the communist camp between Russia and China, which

Mr Khrushchev's attack on Albania at the Soviet party congress brought into the open more nakedly than ever before. Indeed, it is not easy to make sense of Mr Khrushchev's action, unless he miscalculated the reactions to his attack. He may simply have intended to settle the hash of the troublesome Enver Hoxha and at the same time to warn the Chinese discreetly that Moscow would not tolerate a rival papacy of the communist world. But times have changed since 1948 when Stalin simply pronounced his anathema against Marshal Tito, and that was that.

When Mr Khrushchev denounced Albania, bell, book and candle, a month ago, he was straightaway rebuked by Mr Chou En-lai for washing the comrades' dirty linen in public. Still more exasperating, the eighty communist parties represented at the Soviet congress stood up to be counted for or against Mr Khrushchev; the Chinese even claim that a majority were, in effect, against him, since they failed to back his condemnation of Albania. Mr Hoxha, for his part, has bluntly declared that his party rejects the Russian criticism of Stalin; and that for the Russians to try to make their views binding on all parties "is a brutal violation of the principle of the equality and independence of Marxist-Leninist parties."

MR HOXHA's opposition to Mr Khrushchev is almost certainly primarily political: he deeply fears that the Russian leader might do a deal with Marshal Tito at his expense. But he is also acting as spokesman for the Chinese, and his appeal to "the equality and independence of Marxist-Leninist parties" hit the ideological nail on the head. Theoretical differences between the Russians and the Chinese—about the inevitability of war, the correct tactics for seizing power, and so on—have been boiling up for some time. But the rift has never before been so frankly exhibited, nor its divisive effect throughout the communist world. Fresh impetus has been given to the continuing discussion of the Chinese-Russian differences, above all among the communists in Asia, Africa and Latin America who may well feel that they have specially much to learn from the Chinese experience.

What happens now to Albania may give some indication of how far Moscow and Peking intend to push the quarrel. Will Albania be expelled from the Warsaw pact, whose members are about to meet? If so, what support will the Albanians get from the Chinese? Neither the Russians nor the Chinese can really want an outright break. But the ideological unity of the communist camp is of fundamental importance for Mr Khrushchev; to impair it is to open the way for "imperialist reaction" and "nationalist tendencies." In his view, if stalinist tendencies come to be lastingly supplanted throughout the communist camp by more flexible and less intransigent systems, making larger allowances for national differences, then Moscow's ideological supremacy will be the more essential as a binding and unifying force. It is unhappy for him that his quarrel with China has become more sharp just when the established Soviet image has been tarnished both by the historic condemnation of Stalin and by the menacing nuclear tests. The combination of all three developments could bring about the profoundest changes in the communist world, which could include a loosening of Moscow's hold. Who, if anyone—Russia, or China or the West—will be the gainer remains to be seen.

Infelix Kroll



They do not love you, Dr Kroll;

Just why not, is hard to tell

THOMAS MANN, in "The Confessions of Felix Krull," wrote about a young man who did well for himself by seizing opportunities and risking his hand. Dr Hans Kroll, the west German ambassador to Moscow, must wish that real life were as romantic. It may be that Dr Adenauer, after talking to Dr Kroll this week, and to President Kennedy next week, will modify the displeasure which led him to summon his errant ambassador to Bonn, and to label the suggestions about the Berlin crisis which Dr Kroll put to Mr Khrushchev on November 9th as "unauthorised." For the moment, however, unauthorised thinking, out loud and in the wrong place, has landed Dr Kroll in the doghouse; the lack of repentance he showed on his arrival at Cologne airport on Tuesday, when he rebuked the head of Dr Adenauer's press office for suggesting that he had exceeded his duties, is unlikely to prove the swiftest way of getting himself out again.

If the complaint against Dr Kroll were simply, on Dr Adenauer's part, that the ambassador ought to have told his government what he proposed to do before he did it, and, on the part of the other allies that he ought to have kept in step with their ambassadors in Moscow, there would be a good deal of substance to it. Dr Kroll has undoubtedly made various people look slightly silly. Two of them are Mr Llewellyn Thompson and Sir Frank Roberts, his American and British colleagues, who were sent back to Moscow by their governments last month to press on with the search for a basis of negotiation about Berlin and Germany. So far they have made little progress, partly because the search for negotiations got diverted (temporarily, perhaps?) by the squabble over the Friedrichstrasse crossing on October 27th and 28th; now a Kroll has dashed in where Anglo-Saxons have hesitated to tread.

But it is Dr Adenauer who finds himself in the most embarrassing position. This is not really because (as seems to have been suggested in Bonn) Dr Kroll's initiative will have awakened dormant fears that west Germany may one day try to come to terms with Russia independently of the rest of the western alliance. Neither the United States nor Britain is likely to find much to object to in the ideas Dr Kroll is said to have canvassed with Mr Khrushchev. The real source of embarrassment for Dr Adenauer is that at least two of these ideas—the proposal for contacts between west Berlin and the east German government, and the suggestion that both sides call a halt in the propaganda war—involve concessions that Dr Adenauer might well prefer to avoid. If, as is generally assumed, Dr Adenauer's chief purpose in his visit to Washington next week is to persuade President Kennedy to limit the concessions that might be offered to the

Russians in return for a guarantee of west Berlin's freedom, it is distinctly awkward of Dr Kroll to have demonstrated that there are influential west Germans who disagree with their reinstated Chancellor.

To get the four main western allies moving towards negotiations in step, which is Mr Kennedy's present unenviable task, is remarkably like organising an eight-legged race. Dr Kroll, by getting one leg tangled up with some of the others, has complicated the task in the short run. In the long run, however, if one looks at the substance of what he did instead of at his infelicitous way of doing it, he may perhaps have brought negotiations a step closer. There is still some mystery about the exact relationship between the suggestions Dr Kroll put to Mr Khrushchev on November 9th and the four-point "Russian plan" which found its way into the western press the following day; in particular, it is not clear whether the latter came to light by way of western or Russian sources. But, by whatever channels it became public, the British Government seems to think that it expresses the Russians' present views on the subject; and Washington apparently thinks the same.

If this is so, the four points are important; not because they offer anything conspicuously new, but because for the first time they set out more or less openly what had previously been conveyed only in private conversation, or by inference. It is now known, for instance, that Mr Gromyko told Mr Kennedy on October 6th that the Russians would be willing to put off their peace treaty with the east Germans until after agreement had been reached on the future of Berlin. Similarly, the present Russian offer to make sure that Herr Ulbricht respects the West's freedom of access to Berlin, by means of a separate agreement between east Germany and the Soviet Union, may have been foreshadowed in the Russian *aide mémoire* of June 4th, which said that the question would have to be settled "by appropriate agreements with the German Democratic Republic"—without saying who was to conclude those agreements. What was discreet and veiled appears now to have been spelled out explicitly, though informally; which is one step nearer to an open Russian offer to negotiate on acceptable terms.

PRESUMABLY the allies' next step is to try to convert the informal into the formal. Mr Llewellyn Thompson and Sir Frank Roberts apparently do not plan to resume their probing operation in Moscow until after Dr Adenauer has visited Mr Kennedy, and General de Gaulle has met Mr Macmillan, next week. Then, however, they should ask the

Russians whether they admit to having fathered the proposals that appeared to come from them last week; and, if so, whether they will explain the obscurities that are still to be found in the four points. The West still wants to know, for example, what guarantees the Russians have in mind for the freedom of Berlin; what they mean by the demand that the allies should "respect" the sovereignty of east Germany (the same phrase as Mr Khrushchev used in the *aide mémoire* of June 4th); and whether the fourth point—the conclusion of a peace treaty—refers merely to the familiar project of a Russian-east German treaty, or to one covering the whole of Germany. If the Russians return even moderately helpful answers to these questions, the West might be within striking distance

The New Patronage

SUPPOSE, just suppose, there were a prospective patron of the arts in Britain, not just Mr Selwyn Lloyd but an individual moneybags or a bulging industrial trust, with a lot of money to spend. This is not, one hastens to say, simply a fairy tale: such creatures can occasionally be discerned shaking their heads over the right pumpkin to alight on. How should they spend their money? Should it be in London or outside; to sustain professionals or encourage amateurs; to be distributed through bodies like the Arts Council or run completely separately? It is the kind of dilemma that makes good fairies swoon right away, and when they recover decide to settle for experimental reactors and women students' hostels. There are far too many deserving pumpkins and (sometimes less-deserving) pumpkin owner-operators all immediately and clamorously angling for the magic touch. Just in case anyone happens to be listening, here are some preferences and prejudices on what patrons ought, and ought not, to be doing in the nineteen-sixties.

The primary need, in British arts just as in British industry, is to reinforce such successes as this country already has: however unpopular this bias may be with the village halls and amateur music clubs, the biggest growing-points of the arts are where they are already professionally established. Few, if any, of the permanent companies, from Covent Garden to the provincial symphony orchestras, are at all soundly established. They have the first claim on what state subsidies there are (for the Covent Garden opera £500,000 a year, and now, for the provincial theatres, an extra £150,000) and on the local ratepayers (the Scottish National Orchestra, for example, gets around £40,000 a year from 100 local authorities). One would prefer to see this kind of help continue through the Arts Council and even to be stepped up by local authorities, who are empowered to spend a 6d. rate (4½d. in Scotland) on the arts but seldom go beyond a reluctant 1d.; and a fair proportion of what local authorities spend goes, in fact, on museums and bands in the public parks. But these state and local subsidies are invariably to cover normal running costs and nothing else. There is not a single national or semi-

of the "basis for negotiations" it has been seeking since September.

The wrong way for the western governments to react to Dr Kroll's initiative is to pretend, because it violated the proper channels, that it never happened. The right way, having massaged the toes he has bruised, is to exploit the opportunity it may have offered. A substantial body of opinion in the West holds that Mr Khrushchev's lifting of the time-limit for his peace treaty with east Germany relieves the allies of the need to contrive a negotiated solution of the Berlin crisis. Almost certainly, this is a dangerous misjudgment; the present respite is a chance to renew the search for compromise by such avenues, regular or other, as present themselves.



A guide
to investing in
Britain's arts

Royal Opera House,
Covent Garden

national institution that would not benefit artistically from a capital fund of its own.

Such funds need not be frighteningly grandiose to produce results. With the exception of grand opera, 85-90 per cent of costs should be coverable by box-office receipts if the concern is at all viable—and provided it is realistic enough to charge what the market will bear when it is assured of a sell-out (which not all institutions are). A capital fund should do two things. It should allow a good orchestra or repertory theatre to indulge in a little more experiment without worrying so much about external disasters (hot summers, an increase in television watching) that may wreck the budget unless the norm of Tchaikowsky and Agatha Christie is over-fulfilled. In this respect, it is good to see the enterprise of the small Harrogate Theatre Trust in staging a play on the bomb—"The Net"—which was commissioned by the Arts Council. But new ideas need capital if they are to take root.

The second function of a capital fund would be to raise internal morale even more by saving the company's finances from the rigours of the Arts Council's accounting, which inevitably tends to penalise success. A good financial year for an orchestra, which may include some hectic overseas touring, often merely means that the Arts Council is obliged to cut its contribution: the ideal is obviously to give people funds that they can manage themselves, building up in good years and running down in bad. This is pre-eminently a job that only private patronage can do: no political authority can reasonably be expected to will away capital for which it still feels responsible to the taxpayer and which therefore it will always believe it could manage better itself.

The second function of substantial private patronage should be to encourage the proper housing of the arts in Britain, particularly in provincial centres. Building and renovation

grants are badly needed to allow otherwise encouraging ventures to continue (Mr Lloyd's bounty to the provincial theatres could not be better spent than on doing them up). Something like the Carnegie library system could work wonders for the fine arts, not least because the news of such a scheme in the offing would concentrate the minds of those local authorities whose present ideas of popular culture stop short at offering best-sellers on the rates. But three criteria for this kind of help should be strictly observed. The first, following Lord Bridges's recommendations, is that the initial efforts should be concentrated in regional capitals (not simply self-styled "festival towns") that can draw on as large a potential audience as possible; a dozen well-situated arts centres, with theatre, art gallery, concert hall, restaurant and parking space, probably costing over £1 million each, are worth umpteen scattered single-art enterprises which may come to real life for only two or three weeks a year. The needs of a festival on the Edinburgh scale do pose a special problem. It would be splendid if a patron, or patrons, could be found to give that city a modern theatre suitable for grand opera. But for the all-the-year life of the region something more modest in size would probably give even better service.

THE next criterion is that such help should not simply lift responsibility from lazy local authorities which do not stir a muscle themselves if they can help it. The Arts Council now seems to be considering a three- to five-year ultimatum to some authorities that if they wish to retain their present Exchequer subsidy for the arts they must put up their fair share too. This is a principle for private patrons to observe: local authorities might be required to provide a suitable arts centre site and private money could then finance the construction, but self-help is a necessary ingredient for any project. The third criterion should be that, besides the local authority most directly involved, other regional guarantees, particularly from parasitic suburban councils, should be asked for to underwrite the arts centre when it is in being. The Hallé and Bournemouth Symphony orchestras have worked up widespread and very useful connections in small towns and villages (which stump up 10 or 20 guineas a year) where even they are not expected to perform. Why should not a good rep. theatre or a gallery purchasing fund do the same? A new source one would like to see brought into any such arrangement is the local industrial development councils; they should have grasped by now that if they expect to get executives into their region there must be something more than pantomime to offer them.

The last major function of private patronage is much less easy to define. It ought to be, quite simply, to lose money without remorse. The need is to get at, and encourage, the individual who has (or just simply may have) creative potential but who is not necessarily the prize boy of the art or drama school. Occasionally one can distinguish the likely group where these people tend to crop up: the university milieu, the experimental theatre and the rest. There is a growing number of small awards for the more obvious, or self-publicising, of these deserving cases. But however understanding and lenient a public authority may be, there is a lingering degree of public accountability, not so much on the recipient but on the dispenser of such awards. This is a gap that ought to be filled by a private patronage which need account to no one but its

own ideals, which is prepared to bury its failures year after year without losing its nerve. It would be really helpful if some travelling scholarships and living allowances were handed over without the chairman having to make a speech or worrying whether his selection committee has ferreted out as large a quota of publishable poets as the fund round the corner.

It should not matter in the last resort whether a fixed proportion of help is given outside London or not. Probably the need is greater in the provinces, and for the normal run of provincial operation (not grand opera) a smaller amount of money will do more immediate good. But better a success in London than a flop in Bruddersford. It would be wrong to insist that the amateurs should be choked off completely. Many of them, of course, happen to do very well (Wales is sometimes said to prefer amateurs anyway) and manage to fill theatres where a struggling one-week rep. cannot pay its way. But by and large it seems preferable that those amateur societies that do need assistance should get it from small local subscriptions rather than from public (or even large and centrally-directed private) patronage; local authorities' further education funds which now subsidise country-dancing rate-payers certainly ought to be overhauled so that they can contribute to those other tastes that are already developed during the school years and whose continuance should be propagated later on. It is above all the parlous financial condition of the professional arts in this country—a condition that by international standards is more than parlous—that argues most cogently for the concentration of new patronage on their succour and sustenance.

The Economist

NOVEMBER 16, 1861

FRENCH FINANCIAL CRISIS

It is not often that the radical strength of Parliaments, their efficiency as taxing machines, is so conclusively demonstrated as by the edict signed by Louis Napoleon on the 14th instant. Our readers are well aware that for some time past there have been signs of a financial crisis impending in France. The origin of the singular uneasiness which existed in financial circles was believed to be partly the deficiency in the harvest, and partly the apprehension excited by the excessive expenditure of the State. Few, however, even of well-informed men conjectured the true state of affairs—a deficit of a thousand millions of francs, accompanied by a short supply of corn, a suspended import of tobacco, and a general depression of the great manufacturing cities. Such, however, was the fact: and the Emperor, as the truth broke upon him, roused himself to one of those fits of decisive energy, which so strangely alternate in his somewhat apathetic nature with habitual mental indolence. He sent for M. Fould—a capable financier—and . . . named him Minister of Finance. The dangers which influenced the Emperor must have been great indeed, for M. Fould's programme is nothing less than a Constitutional Budget—expenditure, that is, absolutely limited to the amount voted each session by the Legislative Corps. . . . But will the decree be honestly carried out? We confess to a lingering doubt in our own minds as to the possibility of the Empire dispensing with some exceptional mode of meeting sudden demands. The entire system of French Administration depends so greatly on "credits," "subventions," sudden impositions to avert unexpected calamities, and equally sudden exertions of force, that the people are so accustomed to see the Head of the State act as if he were a Providence, that the Emperor will need all his self-restraint to adhere to his self-imposed rule. He will be very apt, when the immediate pressure is passed, to grant credits "subject to sanction," which the Chamber dare not refuse, and a national "emergency" in France overrides every rule. Still he has undoubtedly made every such interference much more difficult, while he has wholly prohibited his Ministers from asking credits in which he himself is not specially interested. This last effect will be a strong security for economy: for it is the demands from every department, each moderate in itself, which make the aggregate so unmanageable.

Portugal Waits

Salazarism may be kept going for a time by the daunting nature of Portugal's colonial problem

DR SALAZAR's regime, in its twilight years, has been challenged in unexpected quarters: by the Church, on the high seas and even, for a strange moment three years ago, at the polls. Above all, it has been frontally attacked in Angola. The outer world, which for long knew and cared very little about Portugal, has become better informed about the so-called New State. As a result, the tolerance which Dr Salazar so long enjoyed, as an unaccountable exception to all political rules, has been withdrawn. When Dr Salazar goes, Portugal's foreign friends, including the British, are not now likely to urge that his regime should be kept going without him.

Externally and internally, the opposition has lately been galvanised by the appearance of a new kind of leadership from General Delgado and Senhor Galvão. The Angolan war is slowly draining Portugal's scanty reserves of men, money and materials. In the long run, policies which lead to the ruin of the state must be abandoned. Willy-nilly, it seems, Portugal is going to have to yield up the empire it has held for upwards of four centuries, and which it has done so little with. At home, the feudal way of life is going to be superseded, for the stagnation has become barely tolerable to the Portuguese; and only a drastic modernisation of their economy can save the country from collapse after the loss of Angola. With these changes, the Salazarian system will lose its *raison d'être* and will crumble.

So much for the long run. But in the short run the outlook is by no means so lively. Dr Salazar, too, has read the signs of the times. Since April, when certain elements in the armed forces tried and failed to dislodge him, he has pursued a policy of ruthless repression in Angola and vigilance in Mozambique, at the same time seeking to persuade the West, by words and by nominal reforms, that an honest effort is being made to improve conditions in Portuguese Africa. The latest such device is the "Single Market," an interesting attempt to show that the New State is keeping up with the spirit of the times.

The Single Market will include Portugal and all its dependencies. Its chief arrangement is that no duties are, after a maximum transitional period of two years, to be exacted by Portugal on imports from the colonies; the transitional period before duties are abolished on goods going the other way, from Portugal to the colonies, is to be ten years. This scheme is not only intended as an economic sop, a *douceur*, for the rebellious Angolans and discontented settlers. It is also intended as an aid to Portugal's attempts to keep in with the European Six and Seven, to present its own dependencies on the same footing as those of France and Britain, and so secure, perhaps, similar treatment. Even if this technique works in Brussels, it will hardly impress the Angolans, whose economy is still governed by the convenience of Portuguese business.

Elections for a new National Assembly were held in Portugal last Sunday. The withdrawal before polling day of all opposition candidates (who had already been reduced to contesting only a third of the parliamentary seats), the

impossibility of checking the government's figures, the fact that only a quarter or so of Portuguese adults have the vote, and the surveillance of the army and the secret police, make it impossible to say what the fairly heavy vote that has been announced—about 70 per cent of the electorate—really means. But the Lisbon government is at liberty to claim it as a national endorsement of its policies. Should its claim be contradicted, Dr Salazar has an unassailable line of defence to fall back on in his own theory of government. Elections, he holds, are not a means of peacefully effecting a change of power, or not in Portugal. "I have no knowledge of, and indeed I believe there is not in fact, any case of access to power as the result of success at the polls. Here, the vote follows on and confirms the choice of the supreme authority in the Nation"—meaning, surprisingly enough, the President of the Republic.

There is enough truth in this view of Portuguese history to impress members of the opposition with the futility of constitutional action. Senhor Galvão, the captor of the *Santa Maria* (about which episode he has written a valuable book*) has just said as much. Unfortunately, it is by no means clear what alternatives are open to the opposition. According to Senhor Galvão (who has broken with him on that account), the other exiled opposition leader, General Delgado, is prepared to accept the communists as allies against the Salazar regime. Senhor Galvão's own gift for dramatically effective gestures was displayed once again on November 10th, when a group of his supporters seized an airliner flying from Casablanca to Lisbon, and, after dropping anti-Salazar leaflets on the Portuguese capital, took the machine back to Tangiers. But neither leader seems to have the sort of support from inside the regime which could lead to the dictator's overthrow.

It would, of course, be open to them, or to any other dissidents, to joint forces with African nationalism and seek the overthrow of Portuguese authority in Angola and Mozambique. But, although Senhor Galvão has sponsored a not uninteresting plan of gradual disengagement in Africa, he neither dares nor wants to make common cause with the forces of Mr Roberto Holden and the other leaders of the Angolan nationalists, whom he regards, as do most of his countrymen, as terrorists, active in a part only of Angola, and not representative even there. Similar considerations apply, with even greater force, to Mozambique where, so far, quiet reigns.

It seems probable, therefore, that Dr Salazar, with all his anachronisms, will last out his time, since those who oppose him lack the strength to destroy him, and those who have the strength have too much to lose from opposing him. Equally probably, when he dies the problems he bequeaths to his country will come to a head, and his heirs, if they are to salvage anything, for themselves or Portugal, from the wreck of his system, will have to introduce fundamental changes. The real problem for the forces of liberal democracy in Portugal is to prepare themselves for that day, and to ensure, if they can, that whoever their leader (and Senhor Galvão, for all his qualities, recalls Garibaldi, not Cavour) they will then be strong enough to profit from it.

* The *Santa Maria*: my crusade for Portugal. Weidenfeld and Nicolson, 212 pages. 21s.

NOTES OF THE WEEK

CONGO

Back to the Boil

UTHANT, the United Nations' new secretary-general, has ordered urgent action by the UN force against the mutinous soldiers and riotous tribesmen responsible for the latest violent events in the Congo, where 13 Italians of UN air crews are now believed to have been killed (a correspondent's report on the situation there is on page 653). The UN commission set up to inquire into Mr Lumumba's murder has reported, laying the responsibility on Mr Tshombe and his colleagues. With such bitter ingredients, the Congo pot is boiling briskly as the Security Council, after nine months' silence, debates the problem again.

Since the council's resolution of February 21st, there has been at least one thing to put on the credit side of the Congo account. That resolution urged the restoration of parliamentary institutions and the formation of a government based on "genuine conciliation." The Congo parliament has since met and approved Mr Adoula's broad coalition government, which included Mr Gizenga, the head of the rival regime in Stanleyville, and which was recognised by the states that had previously recognised the Gizenga regime.

But the debit side is heavy. The Feb-

ruary resolution urged that foreign mercenaries and political advisers should be removed and kept out. It reminded all states of their obligations, under earlier UN resolutions, not to aid or supply Congolese factions or otherwise intervene on their own account.

It authorised the UN to act, "if necessary, in the last resort," by force, to prevent civil war. So long as Mr Tshombe's regime flourishes with the pretensions of a separate state, and the outward evidences of European support, the Africans and their governments will feel that the Europeans have cheated them. The African states, Ethiopia, Nigeria and Sudan, which forced this week's debate on a Security Council so reluctant that its members could find nothing to say on Monday or Tuesday, are usually counted as "moderates"; they have all contributed helpfully to the UN Congo operation. Their pressure for strong action now is a reminder of the strain that the Katanga secession continues to place on Africa's forces of moderation. And the latest reports of disorder are a plain indication that, if no quick solution is found, Mr Adoula may be swept away by, or along with, elements who will look for outside help in quarters less disinterested than the United Nations.

LABOUR PARTY

In the Shadows

LABOUR's bitter division between left and right, underlined by last week's contested election for the leadership of the party, has been spotlighted again this week by the elections for the shadow cabinet. Maddeningly, their results were due to be announced an hour after *The Economist* went to press; but their background is worth explaining. In recent years nominations have averaged about 40, but this time they were down to 25, not because of any burgeoning of modesty on the part of Labour members, but because both left and right were determined not to spread their votes too thinly and so let the other side in. This has long been a left-wing tactic, but the right has this year followed suit. An important feature of the voting system is the obligation to vote for twelve candidates if ballot papers are not to be spoiled. Of the 25 contestants this year, 13 were Gaitskellites, and 12 either anti-Gaitskell or extremely lukewarm. The Gaitskellite candidates were Miss Alice Bacon, Messrs Blyton, Callaghan, Fraser, Gordon Walker,

Gunter, Healey, Houghton, Mayhew, Mitchison, Sir Frank Soskice, Mr Stewart, and Mr Willey. All save Miss Bacon, Mr Mayhew and Mr Blyton served in the shadow cabinet last year, and it may be surmised that Mr Gaitskell would be very happy to see any of them (but especially the first two) replace Mr Wilson and Mr Lee, the only two "lukewarms" who got in last year. But he presumably had the same hope a year ago.

What happens next? Party tempers are undoubtedly rising again, and Westminster has been full of rumours in the past week that another Labour night of long knives may begin. There might be a case for some rather discriminate knives: it would be sensible to move Mr Wilson from the image-creating shadow chancellorship to some other job, especially if he has done badly in the shadow cabinet elections: it might be right to re-impose Labour standing orders, so that ardent unilateralists who could not promise to accept them need not necessarily be confirmed as candi-

dates for the next election. But one's guess is that a really dramatic hiving off from the whole party of 20 or 30 extreme left-wing irreconcilables, which is once again being widely canvassed, could only be achieved formally after and if Labour has suffered a further traumatic experience such as a fourth crushing repulse at the polls. In that event, the drive to reformism really might get going. The late 1960s might then see the emergence of a real Lib-Lab alliance, the first awkward essence of which would presumably have to be that the Libs would stand in as many places as possible and that the Labs would withdraw from as many as they could stomach. Mr Grimond, like Barkis, is known to be willing, but things will surely have to get a great deal worse than they have been at recent by-elections before Mr Gaitskell will be able even to contemplate this horrifying and hopeful possibility.

BY-ELECTIONS

Bogey for Bridgeton

LABOUR's safe Glasgow constituency of Bridgeton—once the heart of Jimmy Maxton's Red Clydeside—was voting on Thursday; the result will have been announced before this issue is in readers' hands. Bridgeton is one of those peeling, rapidly depopulating, inner-ring-of-a-city constituencies where the turn-out of voters is almost invariably low, partly because quite a lot of the voters on the register will have left Bridgeton in the last year. Probably, therefore, the newspapers on Friday will be saying that the result is indicative of nothing except apathy; but it will still be worth watching it fairly closely, as it is one of the few recent by-elections in which a Liberal candidate has not appeared to plague the Tories. Instead of a Liberal there have been two other small-party candidates this week, in a constituency which Labour won in 1959 by a 26.8 per cent majority in a straight fight. The newcomers—if that is the right word for the ILP in Bridgeton—have been an Independent Labour Party unilateralist (set to plague Labour) and a Scottish Nationalist (fishing for dissidents from Tory and Labour together).

In last week's three by-elections (at Oswestry, East Fife and Moss Side) the heavier scale of Tory than Labour desertions had the same net effect as an average swing of 6½ per cent from Tory to Labour; but Tories are hoping that this was a special feature of those safe Tory seats (where there were bound to be more Tory desertions because the Tories had a bigger army to desert from) and where three Liberals appeared to fight. Elsewhere in the country

Tories must hope to keep the net swing to Labour down to the "safe" figure of under 3½ per cent (which is the general national swing Labour would need to win the next general election). If the ILP candidate at Bridgeton has won only, say, between 7 and 10 per cent of the vote—and this, in itself, is a terribly hazardous guess, lest Jimmy Maxton's ghost still walks—then the consequent depredation from Labour would just about cancel out the presumed "safe" national swing (of 3½ per cent or so) from Tory to Labour; on this basis of assumption, a reasonable Tory bogey for Bridgeton would be if the percentage voting shares of each major party have fallen by approximately the same amount. If Labour has done worse than this, it will have reason to feel very worried; while the Tories should feel perturbed if they again prove to have suffered many more deserters than Labour even from their small flock at Bridgeton, and especially if any recognisable proportion of disgruntled Tory voters has cast a protest vote even to the Scottish Nationalist.

GERMANY

Weight of Numbers

DURING the recent west German election campaign the two major parties both made much of the "team" which their candidate for the chancellorship, given the voters' mandate, could put into the field. In the event, Dr Adenauer has not been as free to pick and choose as he would have liked, and so can hardly rely on his motley twenty to be activated at all times by the proper team spirit. In the new government sworn in on Tuesday, Herr Erhard is still with him as vice-chancellor and economics minister; but it will be a touchy Erhard, with freshly injured chances of becoming chancellor, and authority reduced to some extent by the creation of a ministry for economic co-operation, whatever face-saving formula may be used to conceal the partition.

Herr Strauss remains in charge of defence—for the time being an outwardly contented collaborator but, like Herr Schröder, the new foreign minister, perspicuously engrossed in the pursuit of long-term advancement. Herr Krone, hitherto parliamentary leader of the Christian Democrats, has been brought into the cabinet as minister without portfolio, for more reasons than to enable Herr von Brentano to return from the foreign ministry to his old position of parliamentary party leader. One of the very few to whom the chancellor talks, and listens, the benign Herr Krone is frequently employed in mediation between his self-willed chief and ruffled colleagues. A steady demand for such services may be expected in the course of the next year or two.

It is also perfectly possible that Dr Adenauer sees in Herr Krone, now that Herr Etzel is out of the running, the least disputable person to take over the chancellorship for a brief period while the younger claimants sort themselves out. A

generally liked elder (he is 67), Herr Krone should be of invaluable help to Dr Adenauer in handling the five Free Democrats in the cabinet. Of these Herr Scheel, the minister for economic co-operation, may prove the liveliest. Now 42, Herr Scheel was one of the "young Turks" of Düsseldorf who played a part in ousting the Christian Democrats from office in North Rhine-Westphalia in 1956, when the Free Democrats switched their allegiance to the Social Democrats. Such manoeuvring is banned on paper from the fourth Bundestag under the coalition agreement.

To the annoyance of the Social Democrats, who showed it by walking out of the Bundestag on Tuesday, the chancellor decided to withhold the new government's policy statement (the Bonn equivalent of the speech from the throne) until after his return from Washington. The delay may make the statement the more interesting when it comes.

INDIA AND AMERICA

Two Great Minds



SELDOM is a joint communiqué as engaging in tone as the one issued on November 9th, after what it described as "four days of especially pleasant and rewarding conversation" between Mr Nehru and Mr Kennedy. The Indian prime minister "used the occasion to go deeply into the philosophic and historical background of Indian foreign policy." The "subjects covered amount almost to a map of the troubled areas of the world."

Undoubtedly Mr Nehru found it easier to get on terms of personal understanding with his host in Newport and Washington than it had been when he visited Mr Khrushchev in September. His talks with Mr Kennedy were a meeting of two wide-ranging intellects. It was not to be expected that the essential differences between India's and America's views of world affairs would be dissolved by this encounter. What it does seem to have produced is a recognition that, where they differ, their difference is a reasonable and human one.

Addressing the National Press Club on his last day in Washington, Mr Nehru dwelt on the need to understand the forces that shape each nation's outlook. In America he has encountered much criticism of the recent Belgrade conference of non-aligned

governments, and he was concerned to emphasise that many of these countries are "full of their own problems," and that such questions as that of Berlin are only "at the fringe of their minds." This is indeed a point that needs to be grasped—both by westerners who sometimes mistake Asian indifference to European problems for anti-westernism, and by Asians who sometimes assume that their own problems entitle them to sympathy which the problems of others do not require.

Mr Nehru "concurred in the legitimate and necessary right of access to Berlin"; Mr Kennedy told him that every effort would be made to find a peaceful solution. They agreed on the need for a properly controlled ban on nuclear tests, a subject about which, while they talked, the UN Assembly was passing two resolutions. One, with India among its sponsors, called for a further voluntary moratorium on tests, and was opposed by both the communist and the western powers. The other, urging immediate resumption of the Geneva negotiations, was sponsored by America and Britain and supported by India and a majority of the Asian and African countries; only the Soviet block and Cuba opposed it.

FAMINE

Acts of God and Men

EMERGENCY relief is urgently needed for about a million people in Kenya and Tanganyika who are suffering horribly from the effects of prolonged drought, now followed by brutal floods. Their situation will be critical for months to come, and the Oxford Committee for Famine Relief has launched an appeal for £1 million. Exceptionally cruel weather over the past three years has brought about the present catastrophe, but even without the weight of natural calamities to tip the scales, population and food are precariously balanced in most backward areas.

In a better-organised world, the responsibility for having increased the expectation of life in underdeveloped regions might lead, automatically, to the further responsibility of seeing that the people saved from disease should not then die of slow starvation. In 30 years' time there may be twice as many people living in tropical and sub-tropical areas as there are now; radical changes will have to be made if food supplies, also, are to double. Birth control, even if it catches on, will only be a slow and partial solution. Nor can the area under cultivation always be increased; in India, for instance, the minister of agriculture has said that all the land that is cultivable is already being farmed. This leaves the possibility of increasing the yields of present farms, and, for this, there is need, above all, for technical assistance.

It is therefore timely that Mr Denis Vosper, the Secretary for Technical Co-operation, should have announced on Wednesday that he had formed a committee to

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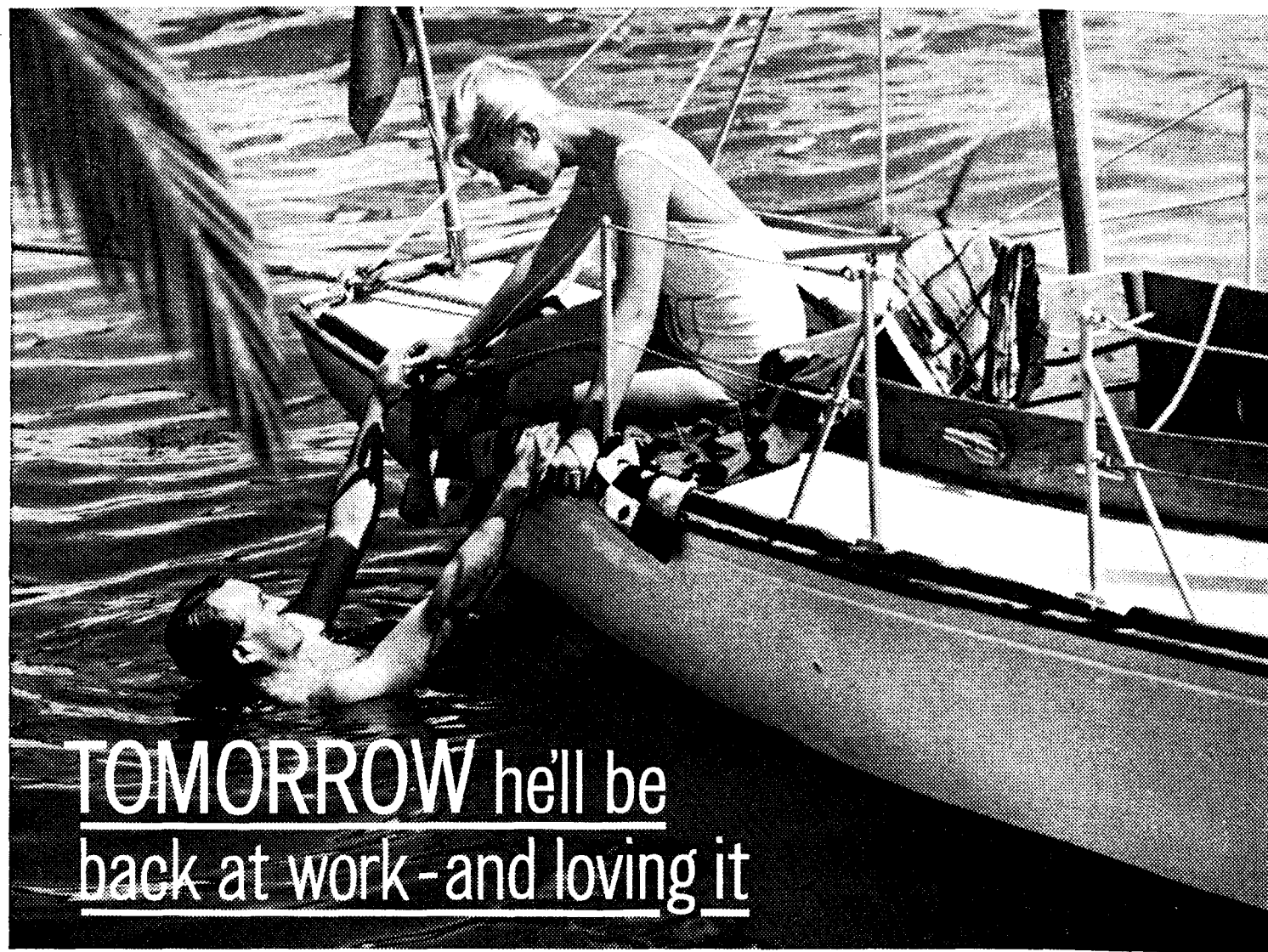
are briefly introduced, clearly explained and factually discussed in the Society's new publication 'Pensions and Retirement Benefits'. This booklet, which is issued as a guide for employers who may be considering the installation of a scheme to provide pensions or other retirement benefits for some or all of their employees, is available on request from



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*The Health of Business Executives—Transactions of a One-Day Conference held by the Chest and Heart Association in the Royal Festival Hall, London on 20th November, 1959.

BEA

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advise him on how Britain can best provide agricultural assistance to underdeveloped countries. The committee, which is headed by Mr Bawden, the director of the Rothamsted agricultural research station, and includes Mr Arthur Gaitskell, meets on November 23rd and will discuss, among other things, how to send British agricultural experts overseas, and how to train local experts in Britain.

At last, it seems, the British Government is taking a straight look at the problem. Not so long ago, Britain was supplying half the tropical world with its agricultural advisers but, despite this store of knowledge and experience, lamentably little has been done since the former British territories became independent. A group of dedicated individuals has persistently been urging on the Government the project of a centre for tropical agriculture; their ideas have been allowed to drift empty away. Now, late in the day and against the background of famine in East Africa, a ray of initiative has appeared.

PRIVATE MEMBERS' BILLS

Consumers' Champions

CONSUMERS, who for so long have been the cinderellas of the law, now have three fairy godmothers among the first six MPs on the list of the twenty members successful in the ballot for private members' bills. These six are the ones most likely to get their bills translated into law. Mr W. T. Williams, who drew first place, had at first contemplated introducing a little consumer charter; but he has wisely decided to wait for the report of the Moloney committee, which really is coming out this session, and has limited himself to some useful reforms in the hire purchase law. He seeks to raise the value of goods to which the protections of the 1938 Hire Purchase Act apply from £300 to £1,000 (which would mean that the financiers of most motor car sales would be unable to recover possession of their cars without a court order once a third of the purchase price had been paid); to protect gullible housewives from over-persuasive hire purchase salesmen by allowing them to rescind a hire purchase contract within forty-eight hours of signing it; and, for the purpose of hire purchase sales, to make the dealer an agent of the hire purchase company, so that any relevant warranties would become enforceable against the company.

All these changes—which are pretty far-reaching, and which the hire purchase companies will presumably contest fiercely—were recommended in Mr Philip Goodhart's recent report on consumer protection *Choice* (Conservative Political Centre: 2s.). By chance, Mr Goodhart himself has come second in the ballot. His own new bill seeks to tighten up the Sale of Goods Act, and to prevent the issue by individual firms of "guarantees" which, in fact, limit consumers' rights. No derogation by contract from such statutory or common law

rights would be allowed. His bill also provides for registration by the Board of Trade of independent testing organisations and bodies that issue guarantee seals and certification marks as aids to the public. Registration would be allowed only where the body could establish that it had achieved reasonable standards of competence and was independent of manufacturing and commercial interests. Mr Robert Edwards, fifth, who already has one piece of consumer legislation to his credit, is also considering entering the ring.

Mr Brian Batsford, fourth, wants to prevent the proliferation of large scale advertising hoardings in the English countryside. This bill needs watching; whatever one thinks about consumer goods advertising, controls over some forms of informational advertising on the highways (e.g., about where there are hotels, and where one can eat) are already in some places too tight. Mr Paul Channon, third, is considering anticipating both the Government and the common market by introducing a bill to decimalise the coinage; this ought to be done by a Government bill, not a private member's one. Mr Airey Neave, sixth, will probably introduce a bill dealing with agriculture.

MALAYSIA

Base Politics

TUNKU ABDUL RAHMAN'S conversations in London next week will set the British side a nice problem of balance between political and strategic considerations. The general debate will concern the proposed Greater Malaysia federation; but the main issue is bound to be the future of the Singapore base. The rapid erosion of Mr Lee Kuan-yew's parliamentary majority in Singapore lends urgency to next week's talks; on the other hand, the shaky military situation in south-east Asia renders inconvenient any proposals that would weaken Britain's control of the base.

Until May, the Malayan prime minister had resisted all suggestions that Singapore and Malaya should unite, on the ground that Singapore's Chinese would swamp Malaya's Malays. A merger had long been advocated by the Singapore prime minister, Mr Lee, on the ground that Singapore would be less dangerous to Malaya inside the federation than out. The Tunku was converted to Mr Lee's view by the alarming victory of an extremist defector from Mr



Lee's ruling People's Action Party, in a by-election in May. On May 27th, the Tunku proposed the creation of a Greater Malaysia, to include the territories of British Borneo, as well as Singapore and Malaya, thus balancing Singapore's predominantly Chinese population with Borneo's Malaysians.

The core of Tunku Abdul Rahman's understanding with Mr Lee Kuan-yew is a proposal that Singapore's internal security, foreign relations and defence should come under the control of the federal government. The Tunku interprets this as meaning that Singapore would come under the terms of the 1957 Anglo-Malayan defence treaty. In that event, the base would be available for British action in defence of Malaya and other Commonwealth territories, but not necessarily for Seato purposes.

Should the Government resist this demand, Mr Lee's party could well be swept out of office, and a period of instability and violence might follow. The solution may lie in agreeing to put the base under Malayan control but negotiating a revision of the defence treaty.

DRINK IN SCOTLAND

Hauf an' Hauf

MR MACLAY'S compromise on Sunday drinking in his Scottish licensing bill looks ingenious—and possibly too ingenious by half. He has placated the temperance lobby by refusing, in spite of the Guest committee's recommendation, to let the 4,000 Scottish pubs open on Sundays, except for the 100-odd among them that happen to serve meals; but he is going to allow the 2,000 Scottish hotels to serve drinks for five hours each Sunday without restrictions. He has thus dealt the death blow to that legally dubious itinerant the *bona fide* traveller (the only person allowed to buy a Sunday drink in Scotland hitherto), but at the same time he has started a lively speculation on precisely what premises will be accepted henceforth as a *bona fide* hotel. The criteria followed by local licensing authorities are liable to vary. If one effect of the bill is to encourage more people to build good hotels in Scotland, where the tourist trade badly needs them to keep up its post-war rate of expansion, well and good. If it simply persuades the proprietors of various seedy and run-down establishments (some of which have clung to the temperance name because they have seen no easy profit in anything else) to open up a bar on Sunday evenings, the object of the bill will not have been notably furthered. And if it persuades pubs to add a guest room and call themselves a hotel, it will be absurd.

The aim of licensing reform in Scotland, as in Wales, should not be to balance off pro-temperance and pro-drinking pressure groups, but to move towards full freedom of individual choice and habit, providing this can be exercised in better surroundings than those of the traditional Saturday night in

Gorbals. Mr Maclay's bill will favour the tourist and the middle class, which normally patronises the hotels anyway. (Women, even when accompanied, are seldom welcome in the stronghold of masculinity that is the run-of-the-mill Glasgow bar.) But in the industrial Lowlands, where the hotels account for only a fraction of the weekday trade, the bill carries an obvious danger of class discrimination. The best argument for not opening the pubs on Sundays is that there are still far too few alternatives for non-churchgoing young people in search of a harmless evening out. If this side of Scottish life—the opening of places of entertainment on Sundays—could be lifted into the 1960s there should be an incontrovertible case for liberalising the Sunday opening law still further in five years' time. Even now, the Guest committee's preference for going all the way looks the sounder course.

FAMILY ALLOWANCES

The Wrong Economy?

IT is always easy to attack any social services bill as too mean, and usually these are occasions which see the Labour party at its extravagant worst. But in last week's second reading debate on the new Family Allowances and Social Services Bill, at least some Labour speeches frankly sounded more sensible than Government ones. The bill is a pretty complicated, technical and largely self-balancing one. The main anomalous cases to which it directs more money are widows under sixty who will at last be allowed to reap part of the increment earned for other national insurance benefits by a husband who had deferred his retirement past the age of 65 (eventually this will cost £2 million a year); and a grant of an extra £550,000 a year for some 20,000 disabled workers who were injured before the 1946 Industrial Injuries Act came into effect. Even on this latter provision Mr Finch (Bedwellty) argued convincingly that some of the poorest cases are being treated least generously, because the bill lazily follows (instead of rectifying) some of the worst inconsistencies of the old pre-1946 workmen's compensation schemes. But inevitably the main Labour attack was concentrated on the £1½ million a year which the Government intends to save on family allowances for apprentices. At present family allowances, on the scale normal for schoolchildren, are paid to 17-year-old apprentices in full-time training if they are earning less than £4 9s. 6d. a week (which an independent committee has defined as a "livelihood"); but henceforth they will go to apprentices only if they are earning less than £2 a week. This will reduce the number of apprentices who qualify for family allowances from 70,000 to 20,000.

Is this reduction in the weekly income of the families of 50,000 apprentices really wise? Mr Boyd-Carpenter said that the

NOTES OF THE WEEK

Government should be careful not to discriminate too much between apprentices under training and other young workers or other dependants in the national insurance scheme (a wife is not treated as a dependant if she earns over £2 a week); but if industrial training is to be encouraged, discrimination in its favour is precisely what the Government should want. The minister said, secondly, that although the Government wishes to encourage apprenticeships, family allowances are the wrong mechanism for doing so. But why? Surely they are the most obvious and discriminate social service easily to hand? Thirdly, the minister was confident that this change would not discourage people from entering their sons for apprenticeships; but to a family with two apprentices, this bill could bring a cut in income of 18s. a week. It seems a bit odd to be making this saving in the same session as the Government hands out an extra £10 million a year to (generally better-off) families whose sons are lucky enough to be getting university training instead of apprentice training. Why not make family allowances to some of these apprentices subject to a family means test, like the university scholarship means test? Or, failing that, could not the Government continue family allowances to some families with more than one child in an apprenticeship?

DEFENCE

What Weapons?

GENERAL NORSTAD'S remarks to the Nato parliamentarians in Paris on Monday have, if anything, increased the confusion about precisely how wedded he is to the idea of a conventional defence of western Europe. Largely through American example and exertion he expects to have 25 divisions, almost all in combat readiness, on the central front early next year. This is a substantial improvement on the nominal 21 divisions (15 or 16 of them said to be fully effective) which he has had up to now. He still wishes to get closer to the target of 30 divisions laid down in the staff paper MC-70. The new increase should give Nato sufficient conventional strength to stop any conventional thrust by the 20 Russian divisions normally stationed in east Germany. This is undeniably a useful reinsurance for the West. But the calculations should not end there.

It is always open to Marshal Koniev to summon more substantial reinforcements from Russia than the United States, Britain and France can quickly bring across the Atlantic, the Channel and the Mediterranean. Were the Russians to take this step now it might be construed as a sign that Mr Khrushchev really anticipated a shooting war in Europe. But, equally, the Russians could believe that the American build-up presaged a western intention to push along the access routes to Berlin; their desire for reinforcements could thus be

defensive. The effect of such precautions on both sides of the Elbe would not be likely to reduce tension for any negotiation on Berlin itself.

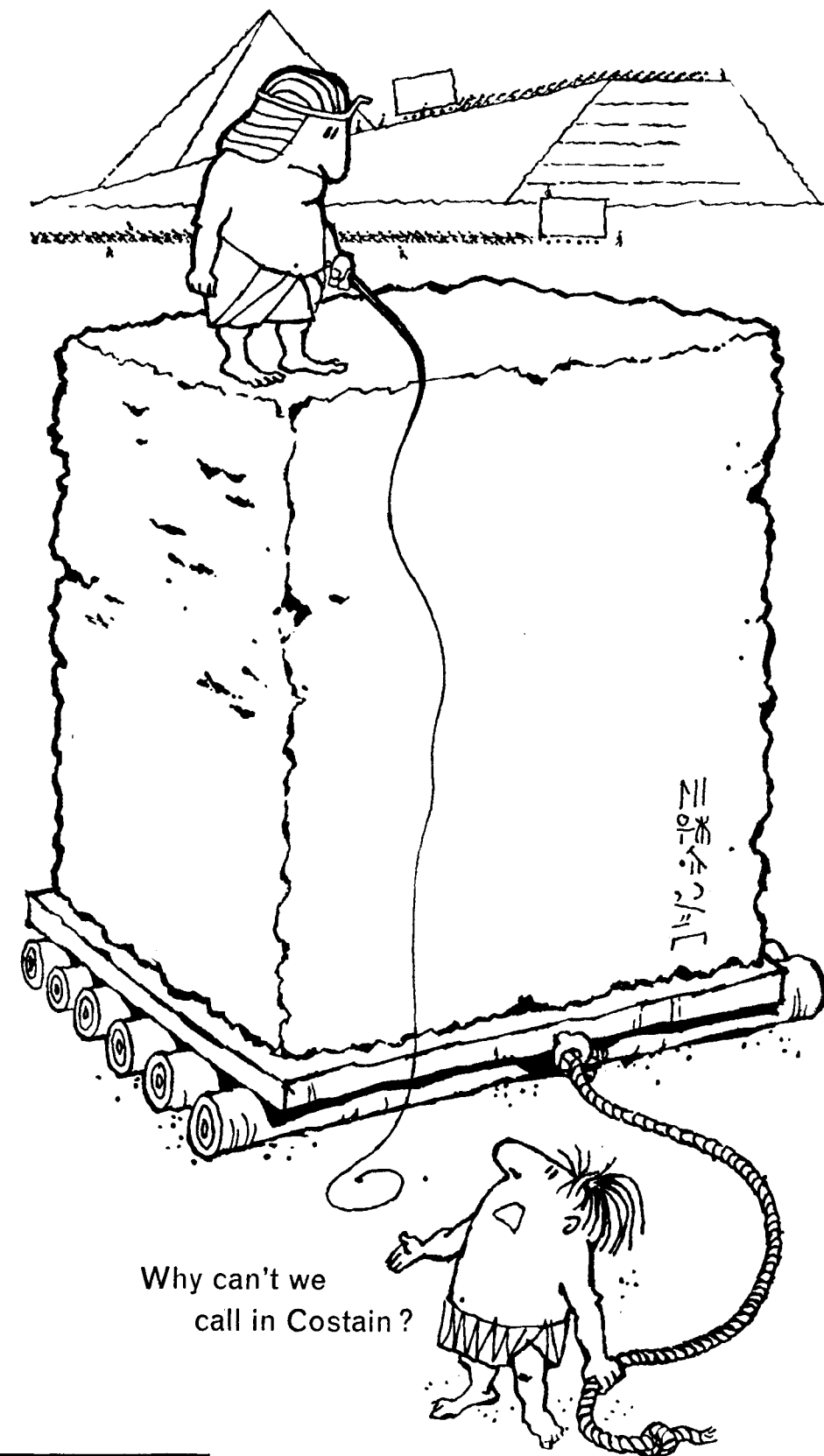
General Norstad still appears to be a strong believer in enforcing a "pause" in any local hostilities, to allow Moscow time to reflect on the gravity of the situation. If this concept is still accepted, added conventional forces are a help in checking Russian aggression. But it also emerged from General Norstad's speech that he doubts whether conventional forces, even augmented, would suffice in all circumstances; he is ready to use nuclear weapons to enforce the pause if the situation is serious enough.

KOREA

Parking Restricted

IT may be ungracious to suggest a connection between President Kennedy's reception in Washington on Tuesday of General Park (formerly Pak), South Korea's military ruler, and the release from house arrest four days earlier of Dr Chang, the former prime minister; but it is probably accurate. The statement issued by Mr Kennedy and General Park after their meeting, non-committal for the most part, nevertheless expressed Mr Kennedy's "gratification" at the progress made by the military government, and promised "all possible economic aid" for its projected five-year plan. To win this degree of approval from the President, who declined to receive the original leader of the military junta when it seized power last May, General Park presumably had to provide some evidence of a softening in his rigorous rule. He had already promised to hold an election in May, 1963, to elect a civilian government (specifying, however, that the election will be run by the military regime, not a caretaker cabinet). The release of Dr Chang, who was arrested on the unlikely charge of having connived at communist activity during his year in office, is accompanied by the freeing of seven former ministers and a number of allegedly pro-communist students.

General Park continues to use stringent measures against South Korea's widespread corruption, and against those who propose contacts with communist North Korea as a step towards the reunification of the country. Three officials of the Seoul newspaper *Minjok Ilbo* were sentenced to death not long ago for advocating collaboration with North Korea—the pleas of the world's press for clemency have had no response yet—and stiff prison sentences were imposed last week on three men convicted on the same charge. On the other hand, the leaders of an organisation known as the All-Asian General Federation of Anti-Communist Organisations were indicted on October 30th for holding illegal meetings. To be impartially stern is at least a sign of growing sophistication.



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Roots of the Trouble

THE unofficial strike at the Rootes Group's components factory at Acton is now in its eighth week, and shows little sign of breaking. Despite the pleas of the Amalgamated Engineering Union, only some 250 out of the original 1,000 strikers appear to have drifted back to work; with some ingenuity Rootes have arranged their production lines so that they, and 250 men who never struck, can produce enough parts to give some employment to 3,000 out of Rootes's 7,000 employees at Coventry. But, in the absence of certain groups of specialists (notably the sheet-metal workers, who have declared the strike official), the Coventry production lines are idle most of the week. Rootes now claim that they will be unable to take back all the strikers even when they re-apply for work; the strikers in turn retort that their quarrel is now no longer about redundancy but about victimisation, since they are certain that among those who would not be taken back are the organisers of this strike and former strikers. Most of the 750 remaining strikers appear not to have reclaimed their insurance cards, so the odds are that they are at most doing casual jobs and have not gone into other factories. The plain truth is that the company, and its sympathisers who expected the strike to fold quietly up, underestimated the redoubtable—if irrational—fighting temperament of these North London workers.

Vacuous attempts have been made to blame this strike simply on subversive communist or Trotskyist agitators. The real causes, however, sadly need (and are fortunately receiving) attention from employers of all kinds. The negotiating machinery in engineering is designed, according to the Industrial Relations Handbook, so that "each stage of the proceedings removes the question under discussion further from the immediate disputants," with the aim of ensuring that cases are dispassionately examined. This works very well if there is also close contact between employers and men at a less formal level; but it seems that Rootes have been rather out of touch with this outlying factory, while some union officials have failed to report to the men the true content of the high-level negotiations being conducted on their behalf. The moral is that the official negotiating procedure, if it is not going to lead to an impasse in which neither side can act without losing face, must be doubled by a less rigid and more continuously active form of consultative machinery—preferably in the form of a works council on which the unions play an active part.

Phoney War in the Air

THE strike of 1,000 Ministry of Aviation employees at London Airport seems as much of a muddle as the Acton affair. Some 70 loaders with special responsibilities (i.e., who can work without a foreman looking

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over them) wanted an extra 2½d. an hour to bring them into line with their confrères employed by the British Overseas Airways Corporation. The Ministry said they could not have it until the end of the wage pause; hence the strike. It all seems particularly silly since the men concerned will next April be transferred to individual airlines in any case, and many of the companies using the airport

have long been dissatisfied by the Ministry's employees' standard of service.

The only airline to be seriously affected is British European Airways. The many European airlines who use BEA's ground services at London have been able to get many loading and handling jobs done by

their own clerks and bottle-washers, but most of the corresponding people in BEA belong to British trade unions and have therefore not been asked to act as black-legs. Perhaps the main effect of this confusing business will be to muddle up the Ministry's employees at the airport, who have been awaiting the call from Mr Cousins and Sir Tom Williamson to lead a forthcoming struggle over the pay of government industrial employees. If the shock-troops in the ranks of these M-workers—themselves the corps d'élite of the battle of the pay pause—are allowed to waste their energies in such petty engagements, the unions' hopes of eventual victory must be substantially diminished.

ELECTRICAL TRADES UNION

Slow March

AFTER fifteen years the control by communists of the executive of the Electrical Trades Union is formally at an end. At long last between a quarter and a third of its members have bothered to vote (and have managed to get their votes counted), compared with the derisory number who have been recorded as voting hitherto. The result is that staunch Labour men have won nine places on the executive out of eleven; against them one communist-supported candidate was returned unopposed, and another won by 185 votes. But the old communist executive, after delaying announcement of the election results for so long, have appointed one of their own number as acting general secretary in place of the ill Mr Byrne; they will control a rules revision conference due to be held next week; and the anti-communists are going to the courts to try to avert what may be the communists' last bid to retain power. The contest has lasted since 1957; allegations of vote-rigging have been rampant for years;

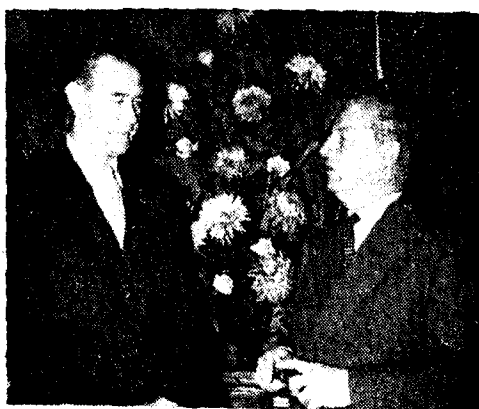
THE ECONOMIST NOVEMBER 18, 1961

there has been turned on this union a far fiercer spotlight of publicity than could ever hope to be generated by less flagrant suspicions of corruption. That the battle for honesty and control can still continue to drag on, in the courts and outside, is surely an indication that the present lack of any legislation governing union elections needs to be filled. But once again this week Mr Hare has run away from this.

ARGENTINA

Trains and Meat

WITH congressional elections only four months off, President Frondizi has at last invited a show-down with the trade unions. The government's declaration of war was its decision, last month, to go ahead with proposals for bringing some sense into a railway system whose overstaffing and inefficiency have long been suffocating the country's economy. In August, a commission of union and government officials was appointed to study proposals for getting rid of 75,000 railway men, closing a number of branch lines, and turning railway restaurants and other side activities over to private enterprise. The commission was disbanded in October with the two sides still at loggerheads, and Dr Frondizi made it clear that he intended to implement the plan with or without union co-operation.

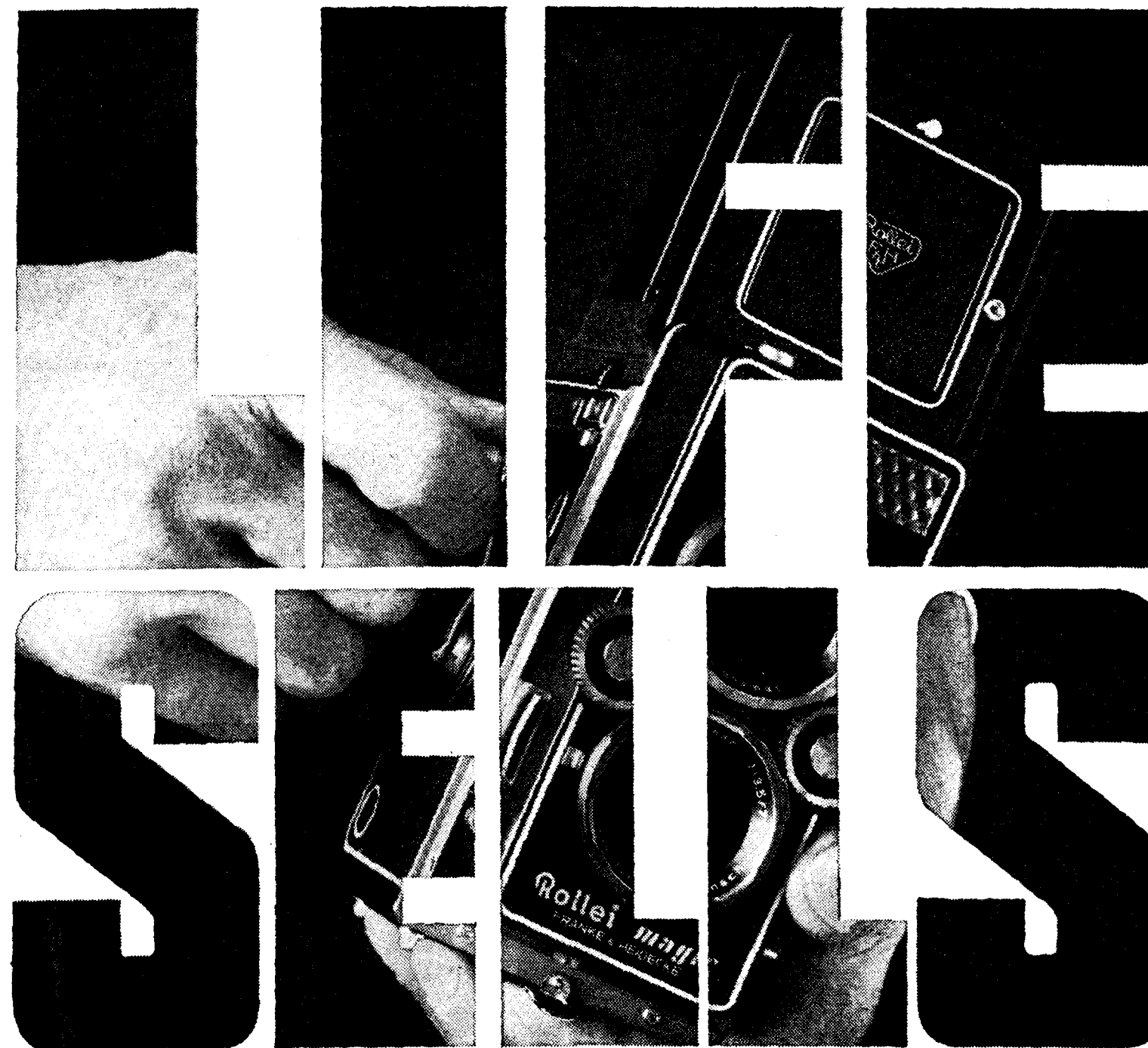


Here to argue: Dr Alemann with the Chancellor

Last week the railwaymen responded by going on strike, and they were supported by the confederation of labour unions, which announced a three-day general strike from November 7th. But the government claims that by the third day of the general strike three-quarters of the workers (but not the railwaymen) were back at their jobs: there is no strike pay, and there are many who realise that something has got to be done about the impossible state of the railways. By cracking the workers' loyalty to their unions, the government believes that it has won a first battle.

Every year the government forks out about £100 million for the railway deficit. This is money urgently needed elsewhere, if Dr Frondizi is to carry out his boast of merging the three-year-old stabilisation programme into a plan for economic development. Industrial production is up this year;

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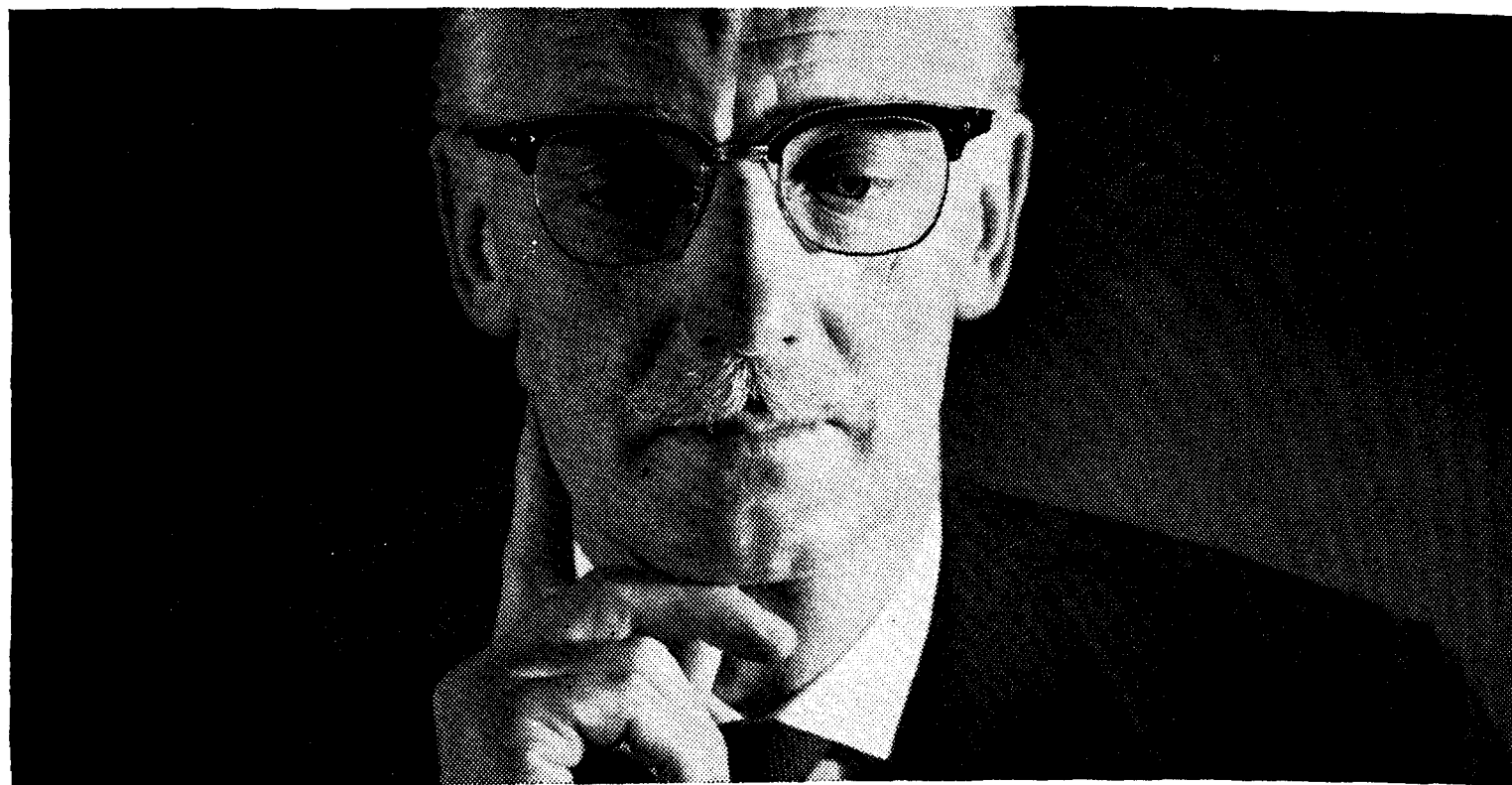
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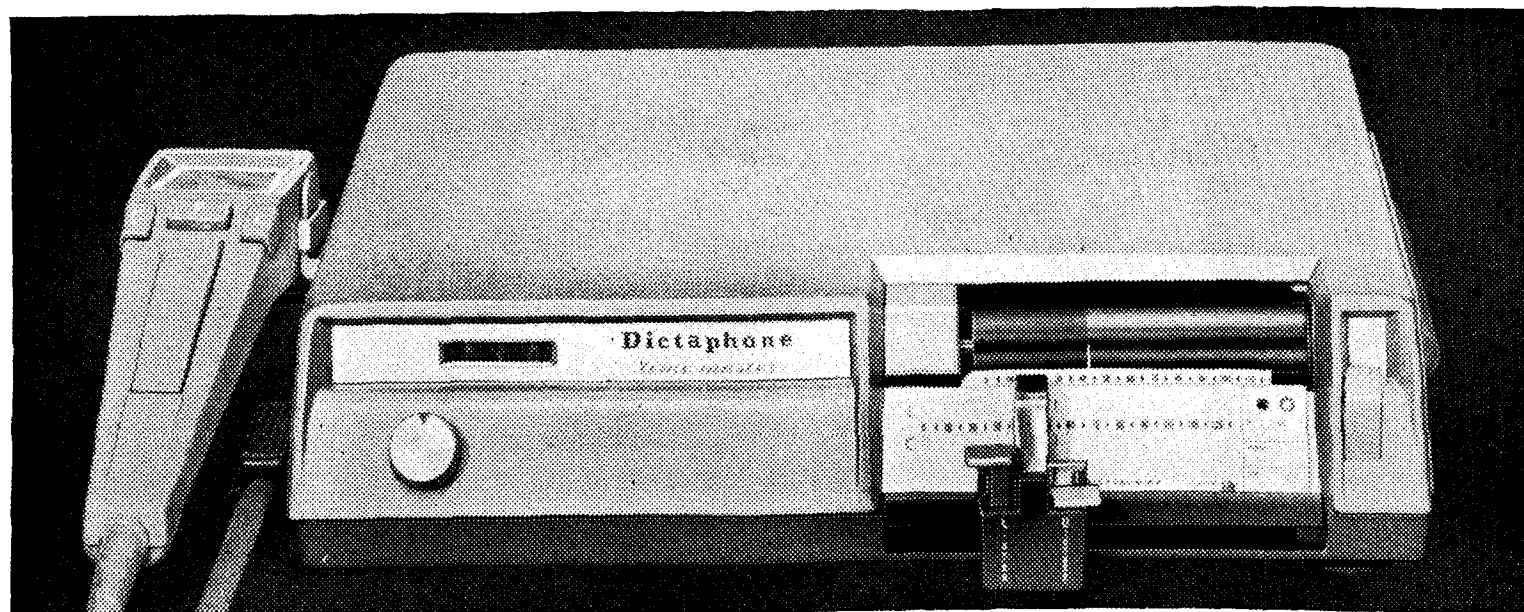
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private foreign investment is still coming in fast; the government is busy building roads and laying gas pipelines. But the foreign exchange position is gloomy. Sales of meat are down, and Argentina has had to draw a large chunk of its stand-by credit from the International Monetary Fund, and ask for more assistance for next year.

Dr Roberto Alemann, who has been minister of economics since April, was in London at the beginning of the week on the first lap of a mission to the capitals of the common market countries. He is in Europe to argue against any system of quotas or discrimination that may add to Argentina's difficulties in selling its meat to western Europe. Whatever the outcome of the government's battle with the unions, Argentina will not have a chance of fulfilling its triple aim—stabilising the currency, promoting economic development, and starting on social reform—unless it can market its most important export commodity.

SOVIET UNION

Sic Transit

HEINE, who attributed his childish reluctance to learn geography to the changing frontiers of the Napoleonic age, would sympathise with the schoolchildren of Russia, faced with the mutations of their country's place-names. Stalin's elimination sets a record. Stalingrad is not alone. There is Stalinabad, the Tadjik capital, a Stalin peak in the Kirghiz mountains, a Stalin bay in the Kara sea. There is Stalinogorsk, Stalinsk, Staliniri. Nearly every town has its statue of Stalin. Model collective farms, successful industrial plants, diligent academies were, over many years, rewarded with the honour of bearing the Leader's name.

In Russia and outside it, the great name is being painted out. East Berlin has renamed its showpiece, the Stalinallee. Of all the homonymous towns in central and eastern Europe, only one, in Albania, looks like keeping its identity. The Poles did their changing in advance: the Silesian town of Katowice recovered its name in 1956. But there are some interesting possibilities even in western Europe. To annoy the communists, a Parisian councillor has asked for the destalinisation of streets in the red belt. Nobody, however, has yet thought of renaming the Stalingrad station on the Paris metro.

Stalingrad itself becomes Volgograd. Only 36 years ago it was still called Tsaritsyn; it fell an early victim to the stalinist cult. One feature of the cult was that the main battles of the civil war had been fought around Tsaritsyn, where Stalin had served as political commissar with Voroshilov's army. But the inflated legend of Tsaritsyn was rendered trivial by the grim, grand reality of the Stalingrad battle of the second world war. The historical fact of the battle of Stalingrad is not easily painted over. It is because Stalin was the ruler under which Russia fought such

battles that Mr Khrushchev will not be able to get rid of stalinism by merely changing a name.

ART MARKET

Fancy Prices

TWO dozen paintings fetched \$4,679,250 (£1,670,000) in 57 minutes at the Parke-Bernet auction in New York on Wednesday evening. Far beyond any sum, at current prices, ever paid before in the salerooms, \$2,300,000 (£821,400) was paid for a Rembrandt and, perhaps even more surprising, \$875,000 (£312,000) for Fragonard's *La Liseuse*. The highest recorded London auction price is the £275,000 paid at Sotheby's in 1959 for Rubens's *Adoration of the Magi*, superseding the £220,000 paid in the same salerooms in 1958 for a Cézanne.

Staggering though these prices are, do they exceed, in real terms, anything paid in the past? Opportunely published last week, Mr Gerald Reitlinger's book "The Economics of Taste" (Barrie and Rockliff 42s.) is packed with intelligent information about picture prices over the last two hundred years. Many of the transactions recorded were pretty sensational; perhaps none more so than the purchase in 1930-31 by a single collector, Mr Andrew Mellon, of twenty-one pictures from the Hermitage Museum in Leningrad at a cost, it is said, of about £1,400,000; this sum included £173,600 for Botticelli's *Adoration of the Kings* and £103,500 for an *Annunciation* by Van Eyck, both now in Washington's National Gallery. Even if the Soviet Union wanted foreign currency as badly today as it did in 1931, no single buyer could bid for such a collection. Other eyebrow-raising prices recorded by Mr Reitlinger include £77,000 paid by Duveen for a Lawrence portrait in 1926 (subsequently sold for £90,000) and £225,000 by Baron von Beuningen for a Van Eyck in 1940. Multiply the prewar figures three times and the 1940 figure two and a half times to approximate to today's prices, and evidently it is not only in the last few years that pictures have been changing hands at astronomic figures.

BROADMOOR

Prison or Hospital?

IN eighteen months' time Broadmoor will celebrate the centenary of its opening as the first asylum to be specially built for criminal lunatics. Proposals now being placed before the Minister of Health by the Prison Officers' Association would, if accepted, put the clock back for the full hundred years. Broadmoor has had a doctor as superintendent from the very beginning: it has always been, in name at least, an asylum, not a prison. But the association now proposes that "an experienced governor" should be appointed with direct responsibility to the Minister for security and "with the right to override the medical staff should he feel it necessary."

Early superintendents certainly regarded themselves as governors rather than doctors; but after the first world war they began to lay much more emphasis on treatment, and by the time the second war had broken out a parole system for selected patients had been introduced. The logical conclusion to this gradual change from custodial institution to secure hospital came in 1948, when under the Criminal Justice Act Broadmoor was vested, like other hospitals, in the Minister of Health, and the management of it was transferred from the Home Office to the Board of Control. The last statutory change came with the introduction of the Mental Health Act a year ago. The Board of Control was then wound up, so the manager of Broadmoor is now Mr Enoch Powell. More important, Broadmoor was no longer restricted to taking patients who had been charged before a court. The criterion for admission, as the working party on the "special hospitals" pointed out earlier this year, should now be that a patient is too dangerous or violent for an ordinary mental hospital. Clearly, the vast majority of patients will continue for some time to be criminal lunatics; but if the more flexible arrangements recommended by the working party are gradually introduced, this distinction between Broadmoor and other mental hospitals will be less clearly drawn, and a custodial regime would be less appropriate than ever.

Security must, of course, continue to be effective. The purpose of the special hospitals is to treat patients who are too dangerous for the "open door" regime which has transformed the other mental hospitals and in consequence helped the recovery of their patients. But has the clinical judgment of Broadmoor superintendents been proved at fault in this respect? Since the hospital was taken over by the Ministry of Health there have altogether been eight escape incidents, involving eleven patients, some of whom were at large for hours only—a total that puts Broadmoor in a very favourable light compared with prisons. Perhaps the one thing needed to complete the recognition of the institution as a hospital is for the staff, who are trained mental nurses, to transfer their allegiance from the Prison Officers' Association to the Confederation of Health Service Employees.

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LETTERS

Capital Gains Tax

SIR—The general arguments in favour of the taxation of capital gains look very strong; so long as one stays on the general level it is difficult not to be convinced, as you (to judge from your article of November 11th) appear to have been convinced. Things look rather different when one gets to the point (at which Mr Selwyn Lloyd and his advisers are no doubt at present struggling) when one has to make a decision on a particular type of tax. The possible alternatives look so much less attractive than the general idea.

You have yourself shown that the obvious interpretation of Mr Lloyd's intentions—capital gains made in less than (say) six months to be taxable as income, in more than six months to be untaxed—produces so sharp a discontinuity at the six months' point as to invite avoidance. I agree with you over that; the unfairnesses that would be created at this margin, and the distortion of administration which would occur in the effort to police it, are not a pretty picture. But if that is accepted, what follows?

The natural deduction is that one should go all out, bringing all realised capital gains within the scope of ordinary income taxation. The administrative difficulties are still serious, but they could perhaps be overcome. It would be easier to overcome them if at the same time (and consistently, I think, with the original idea of Mr Kaldor) the surtax limit for all income (unearned as well as earned) were raised quite drastically, so that the capital gains that were liable to surtax became more circumscribed. Flat-rate income tax on stock exchange capital gains could conceivably be collected through brokers, on some sort of a PAYE system. The administration of this system would be more difficult on the side of land values, but I shall not go into that.

What, however, is really alarming about a proposal of this kind (certainly if it were introduced at all precipitately) is the economic effect to be expected from it. Equity prices have come to be very largely supported by the prospect of tax-free capital gains; if this prospect were removed, who would buy shares with a yield of 2½ per cent, when it was possible to get 4 per cent on deposit at a bank? Economically, it may be freely admitted, the present relation between yields is a distortion; but it is a distortion which cannot be removed at all quickly without administering a most severe deflationary shock.

I do not think that the shock could be much mitigated (at least in the short run) by a parallel reduction in interest rates; for the balance of payments has also to be considered. It may of course be argued that the British economy is now in such a state that it requires a shock, something like this. Anti-inflationary measures are however one

thing, violent deflation is quite another. The advocacy of violent deflation does not come well from those who profess concern with the rate of economic growth.

If one dislikes both of the alternatives so far considered, what is left? Only, I think, a capital gains tax outside the income tax, at a low rate (which is really the sort of thing they have in America). If the rate were low enough, it would not much matter if (at least to begin with) it only fell on capital gains made in less than "six" months. It would not be surprising if this were, in the end, all that emerges from Mr Lloyd's cogitations. But perhaps it might be as well if you started already on the job of conditioning your readers to the probable appearance of what would certainly be greeted in some quarters as a very ridiculous mouse.—Yours faithfully,

J. R. HICKS
All Souls, Oxford

The Common Market

SIR—Last June I suggested in a letter in your columns that it would be deplorably retrograde if the UK, as part of a common market settlement, were to place tariffs on any food or raw materials now imported from the Commonwealth tariff-free. In your issue of November 11th you say (page 528): "The wider the circle of integration of the rich Atlantic countries, the more essential it becomes that they shall not unite at the expense of the poorer regions. It is a refreshing feature of the new thinking in Washington that it recognises this, and indeed puts at the centre of a possible new Atlantic partnership a joint trade and aid effort to help the undeveloped and uncommitted countries. The most radical and precise suggestions in the Herter-Clayton report are for abolition of raw material tariffs by developed countries and a series of 10 per cent cuts in their other tariffs in return for 5 per cent cuts by the undeveloped ones."

I am delighted that you are at last seeing the point. But could not this new thinking in *The Economist* now lead it (as a free trade paper) at least one step further to the modest conclusion that the UK should in no circumstances place tariffs on food and raw materials which are at present imported tariff-free?—Yours faithfully,

House of Commons

DOUGLAS JAY

Immigration

SIR—I have with great reluctance this morning cancelled my order for *The Economist*. I have never read more evasive editorial answers to a letter than those relating to Sir Cyril Osborne.

While every decent person must deplore immigration restrictions I cannot see how the Government can do otherwise than

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impose such restrictions, but they must apply to others, especially the Irish, as well.
—Yours faithfully,
J. SCHOLEFIELD
Twickenham

★

SIR—Sir Cyril Osborne's arguments against immigration are so specious as to spoil a rational case for controlling immigration.

At present the majority of immigrants (a) live in colonies and (b) occupy low-level jobs. The possible danger from this is, clearly, the establishment of a dual society based on race, and its rather nasty consequences. Earlier immigrations were of a different type and scale, so that this problem was never serious.

I would have thought that controlled immigration (reasonably defined) was the least unpleasant alternative to both those who are proud of a "British way of life" and those who abhor race and colour prejudice.

Finally, I think it is worth saying that it is the Government's responsibility to make this country as attractive as possible—not to make the immigrants' native lands Utopian at the taxpayers' expense.—Yours faithfully,
West Kingsdown, Kent S. JOHN ROGERS

Finland

SIR—Clear though your comment on Finland (November 4th) may have been, I think that you leave untouched one of the possibilities prompting the latest Russian move. There is at the moment in Finland more sympathy for the West than for the Soviet block, a situation perhaps worrying to Moscow, given that there will be two elections next year. The first is for President, a position of decisive importance in foreign policy. Mr Kekkonen is noted for following a rather middle-of-the-road policy, and this, it would seem, is not one desired by a majority of the Finns. There is thus a likelihood that in the February elections he might be ousted by someone right of centre. Hence one of the Russian motives could be that, by forcing negotiations to take place at the moment, and then concluding a reasonably satisfactory settlement before February, Mr Kekkonen's position could be strengthened. Should he be successful at the polls this would not be to the Russians' disadvantage. The other election, in the summer, is for the Parliament, and negotiations concluded could ensure that the votes for the Communist party are not lost, and indeed that their increase be continued.—Yours faithfully,

A. C. HUBERT

Freedom from Want

SIR—Do vegetarians eat eggs? Lord Cherwell did. In fact I once bribed him to come to lunch with the promise of a couple of fresh eggs and some spinach when such things were only with difficulty obtainable. In the middle of the war in one of his more inspirational moods President



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THE ECONOMIST NOVEMBER 18, 1961

Roosevelt in a personal telegram to the Prime Minister launched the idea of an immediate conference among all the Allies to consider what could be planned at once to secure "freedom from want" when the war was over. Although the idea was clearly the President's own and very dear to him personally, for some reason Lord Cherwell wanted the PM to raise objections.

I thought this might create a very bad impression. The Foreign Secretary was all in favour of an early and favourable reply, taking the very sensible line: "What everyone looks forward to after the war is a good guzzle." I decided to brave the old lion in his den and got him to receive me. With the eggs and spinach in prospect he promised to come to lunch to discuss the reply to the President's telegram. I got Dick Law, Keynes, Hubert Henderson, Lionel Robbins, and John Maude to agree to come too.

The eggs duly arrived fresh from a hen in North London and the spinach was bought as soon as Covent Garden opened that morning. We sat down punctually at one. For some reason Hubert Henderson was for raising objections to the proposal. But, pressed particularly by Keynes, Cherwell came round eventually and by 3.25, when he had to leave for a meeting, had

LETTERS
undertaken to advise the PM to welcome the proposal with suitable warmth. By 3.45 I had drafted a reply and sent it across to Number 10. Such were the ante-natal pangs of the Hot Springs Conference and so, I suppose, of FAO.—Yours faithfully,
Beaminster, Dorset NIGEL RONALD

Ombudsmanship

SIR—With reference to your very interesting article of November 4th, I would for the sake of good order only inform you that an ombudsman, more or less equal to the Swedish one, exists in Finland as well. I mention this only in order to show the fact that this institution seems to be generally adopted in the north.—Yours faithfully,
Helsinki R. RELANDER

The Press in America

SIR—I was surprised to read no mention of the *Christian Science Monitor* in your article on American national papers. As you must know it is now printed in Boston, Los Angeles and in London, flown by plane to Chicago, and circulates over all the USA.—Yours faithfully,

F. J. WALKER
London, W.1

BOOKS

The Adams Brood

The Adams Papers: *Diary and Autobiography of John Adams*, 4 vols.

Edited by L. H. Butterfield and others.

Harvard University Press. London: Oxford University Press. 240s.

AT Princeton Jefferson; at Yale Benjamin Franklin; at Harvard the Adams family. Thus, not inappropriately, the great pre-independence universities of the eastern seaboard have each annexed their deities from the national pantheon and are undertaking to honour them with the most fitting memorial: the publication in definitive editions of their collected writings. Harvard is the last to take up such a burden, but the burden it has assumed is likely to prove the heaviest of them all. It is not a mere founding father, but a whole dynasty, that the Adams archives enshrine, and that dynasty perhaps the most self-conscious and tenacious and articulate of all the great families of America.

In 1755 John Adams made the first entry in his diary. (It recorded the impact on Braintree, Massachusetts, of the earthquake that destroyed Lisbon.) Since then, with only the briefest intermissions, Adamses have been writing—and preserving what other Adamses have written. The result today is a microfilm of Adams Papers which,

though stopping at 1889, runs to 27,464 feet of 35 mm. film. The papers themselves, deposited by the family with the Massachusetts Historical Society, include not only the public documents of a family that produced presidents, ambassadors, congressmen and scholars, but also the personal correspondence and private confidences of a clan that harboured some of the most eccentric and distinguished characters that New England has ever set its stamp upon.

The publication, of which these four volumes are a harbinger, has been made possible by the fusion of two great American institutions, Harvard and *Life*; the first, through its press, undertaking the publication, the second, in return for serial rights, financing the costly editorial work. If it should superficially appear that of these two angels one is more naturally an Adams guardian than the other, no doubt it is also true, as the editors affirm, that

there is something highly fitting and gratifying in the realization that large portions of the writings of a family that for three generations devoted itself to national service should be presented to the American public in the numbers of a magazine that reaches millions of readers.

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FROM

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diaries alone will run to between 41 and 47 volumes; family correspondence will run to about 20; while general correspondence and other papers could (the editors are cautious about pledging themselves to the future scale of their selection) easily run to another hundred. The audacity and devotion needed to plan such an enterprise are as much to be admired as the skill and scholarship with which it is evidently being carried out.

The four volumes so far launched contain the basic autobiographical material for the first and perhaps the greatest of the public Adamases, the founding father and the second President. He was a public man, but the diary, which fills two and a half of these volumes, was not a public document. Rather it is the repository of a set of reflections, memoranda, confessions and aspirations intended for no eye but the author's and as such uniquely revelatory of the man. Something between a quarter and a third is here published for the first time; none of it has previously been published in an adequate transcription or with the necessary annotation. The autobiography had been more nearly reproduced in the edition of John Adams's "Works" produced by his grandson in the eighteen-fifties; even so, the new edition is a great improvement both in comprehensiveness and in the ordering of the material.

Only spacious extracts could do justice to the freshness and diversity of the contents of these volumes—John Adams as sermon-taster, as lover, as natural philosopher, as lawyer, as rebel, as self-promoter, as self-inquisitor, as the perfect Bostonian (on New York: "with all the splendour and opulence of this city, there is very little good breeding to be found"), as the by-no-means-innocent abroad, as puritan and as patriot. Only use and close inspection can reveal the full excellence of the editing, in all its spacious and precise detail. The British reader, handling these beautifully produced first-fruits of a great historical harvest, cannot but mingle with his admiration a particle of envy, and ask when some of the deities of the British pantheon—William Ewart Gladstone, for instance—will find an equally fitting memorial.

Of Human Bondage

Oldest Ally: A Portrait of Salazar's Portugal.

By Peter Fryer and Patricia McGowan Pinheiro. Dennis Dobson. 280 pages. 25s.

Portugal and its Empire: The Truth.

By Antonio de Figueiredo. Gollancz. 159 pages. 18s.

IN spite of the rapidity of our education about Portugal and things Portuguese—even because of it—these two books are welcome. For one thing Portugal will survive Dr Salazar and even Salazarism. It is pleasant and necessary to be reminded of the charm and greatness of a country with

BOOKS

so much to offer in civilisation. This Mr Fryer and Miss McGowan do superbly in the first section of their work, which is part political analysis, part travel book. Their first hundred pages contain a lively, enormously sympathetic, if somewhat too compressed account of the land and its inhabitants. They are never content to accept either the picturesqueness or the squalor of a place or institution without enquiring for the social and economic reasons for it; and what is unearthed—for example, the account of the difficulties of a children's home in Oporto—is fascinating and heart-breaking. It may seem frivolous to commend the authors equally for including a handful of Portuguese recipes, but it would be ungrateful not to do so. The way to a tourist's heart is through his stomach.

The authors of "Oldest Ally," write to interest and instruct their countrymen in the truth about a nation for which this has seldom been done; Senhor Figueiredo writes his personal testimony to the authoritarian regime he knows. His book is much the less graceful of the two, but, for the serious student, is much the more indispensable. It consists of a detailed account of the rise and nature of the Estado Novo that is unlikely to be bettered while the regime lasts. Particularly impressive is the author's command of economic and other statistical material to support his case—which is, roughly, that Dr Salazar has oppressed and impoverished his countrymen in the name of a form of fascism—which, interestingly, he traces in part to the influence of such French reactionary thinkers as Maurras and Leon Daudet. He sees more clearly than Mr Fryer and Miss McGowan that Dr Salazar is the ally rather than the tool of the business interests that make a good thing out of the regime; and his accounts of Mozambique, where he lived for a long time, and Angola, are of the highest importance for the understanding of Portuguese Africa and the nature of its problems. Senhor Figueiredo perhaps exaggerates the culpability of the nationalist rebels, but no one would care to insist on this point in view of the undoubtedly large-scale atrocities they have committed; and Senhor Figueiredo never tries to pretend that the Portuguese colonial regime is not, in the last resort, responsible for the circumstances of its impending downfall.

One point both books make strongly: the extent to which British capital and diplomatic support bolster the anachronistic regime. It is easy to assume that Britain's relations with Portugal are confined to the familiar trade in port and a common membership of Nato that have nothing to do with internal affairs. No such assumption can survive a careful reading of these books. Responding to the stimulus of ancient association British business interests have invested heavily in Portugal, and now safeguard their investments by sponsoring pro-Salazar propaganda activities in London, in which cabinet ministers have on occasion got involved. The normal courtesies of diplomatic life are used by the Salazar government as opportunities to demonstrate

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to the Portuguese that it has the support of the West in its internal policies. The result is that Britain loses the trust of Africans and that the Portuguese themselves, despairing of support from the democracies in the task of ridding themselves of fascism, turn naturally eastward, as Senhor Figueiredo points out when he discusses the indifference shown to General Delgado and Captain Galvao, who were refused entry. In this respect, both "Oldest Ally" and "Portugal and its Empire" are timely.

Background to Unity

Twentieth Century Christianity

Edited by Stephen Neill.

Collins. 448 pages. 30s.

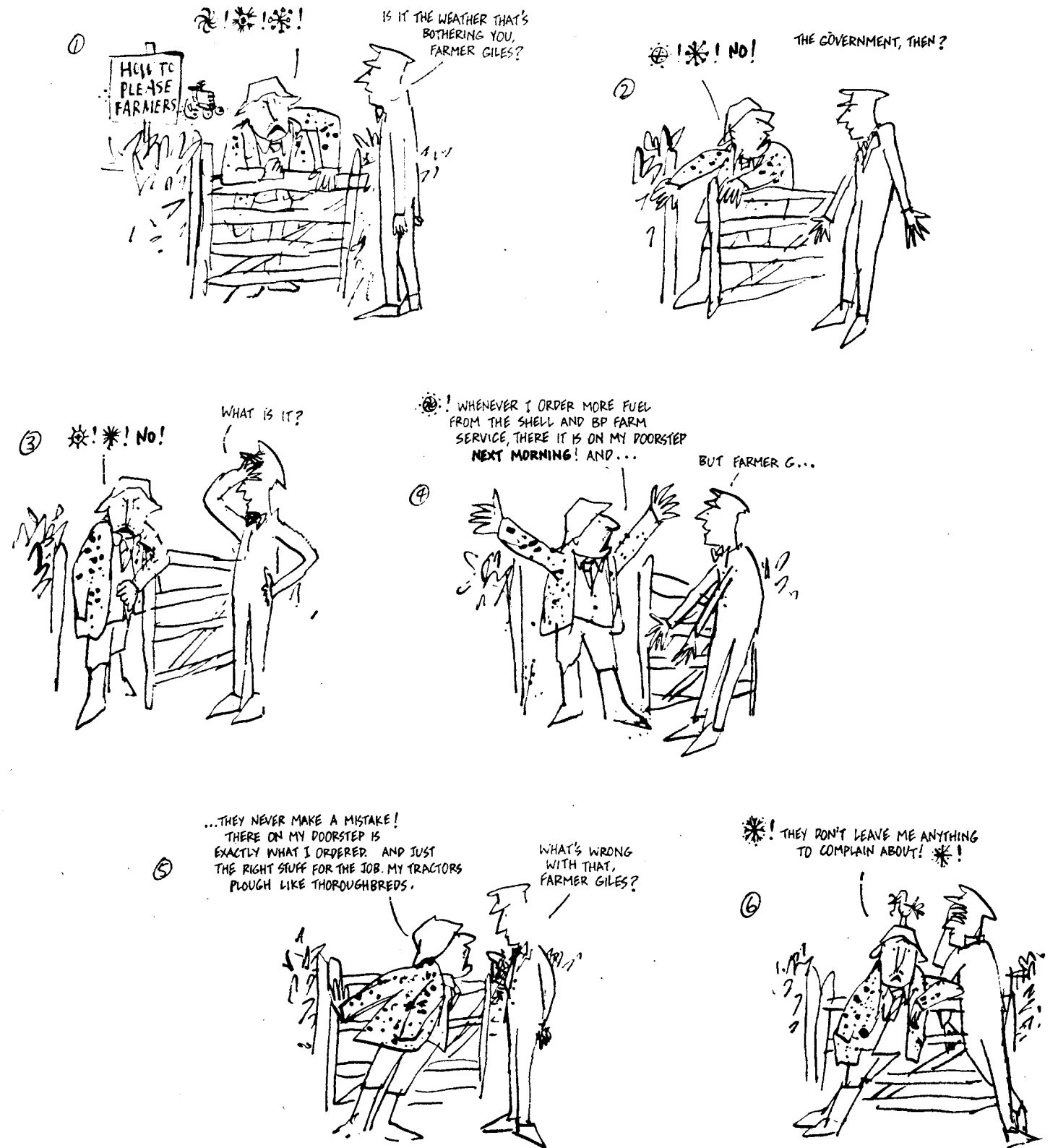
IN Delhi this week opened the meeting of the World Council of Churches. And this book is appropriately a symposium diagnosing the strength and weakness of the Christian church or churches at the present time, with a survey of its changing history since 1900.

The editor of such a volume must persuade his authors, some of whom are enthusiasts, to write with a detached observation and, if with optimism, then with informed optimism. There are two authors in the volume who talk largely and vaguely of the new strength brought to the church by persecution in Germany or Russia, and one of them almost writes as though a diminution in quantity is alone the cause of a rise in quality. But for the most part the editor, who is a realist, has kept his contributors on a leash, and so has produced a valuable analysis of what has been and is happening to the Christian religion.

A historian will note the transformation in Russian Orthodoxy after 1917 and the exclusion of white missions from China in 1950; the pressure against Christian evangelism in some parts of India and Africa; the new power in the resurgent religions of the east; the consequences for Christianity of a Germany divided after 1945 and a Russia dominant in eastern Europe; the transference of the protestant centre of gravity from a Europe of Lutherans and Anglicans and Reformed to a United States where protestantism was generally more radical in character, and where the most enthusiastic missionaries were often of the extreme left; the continued pressure upon the intelligent minds of western Europe as their modes of life changed, and as scientists and philosophers continued their investigations. The great age of European expansion seemed to have ended, and with its ending missionary movement paused and began to retreat. Near one Indian city, a single village has today its catechist and Christian group, and not so long ago there were fifteen such villages nearby.

To the contrary, and as signs of hope, the historian might observe the decline among the denominations of the more absurd rigidities of churchmanship, and the readiness to converse and to plan common

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action; the slow but steady progress in India and Japan and elsewhere, and the influence executed by Christian ideals upon India, an influence stretching far beyond the borders of those who profess the Christian faith; the readiness for experiment in liturgy and even in the restatement of traditional dogma, to be found even in the most conservative church of Rome, even in the still more conservative Orthodox Church, especially through the members scattered by exile into America and western Europe; the extraordinary statistics of growth in church allegiance throughout the United States; the passing beyond the old clear-cut warfare of Genesis versus Geology or reason versus faith into an argument more complex, but less contemptuous and more fertile; the natural swing of the pendulum, among some of the younger generations, against the cruder forms of materialism.

It is a prospect in part encouraging, in part sombre. It is a merit of this well constructed book that it does not blink at the sombre.

Dramatic Postmortem

The Death of Tragedy

By George Steiner.

Faber. 375 pages. 30s.

THERE used to be a preliminary examination in the Oxford English School on tragedy. The papers centred on the usual texts: the Greeks, Shakespeare, Corneille and Racine. Anything a candidate felt inclined to write was bedevilled by the limitations of having to consider in detail those formal questions unsolved by Dryden or anyone after him. Mr Steiner's syllabus is not so narrow. Indeed, he is remarkably well read. But one wonders if his thesis — the relationship between the tragic art and the western imagination — could not have appeared more striking if he had not so patiently (and interestingly) retraced all the ground in the light of this antique term "tragedy," which he is wise to define only obliquely in the course of his book. Categories are intriguingly exclusive. Here Mr Steiner and his readers are lucky in that the tragic form really does correspond to a particular expression of human feeling, which can be described by it only. The death of pastoral, for instance, or even of epic, would demand tighter critical blinkers. Mr Steiner is splendidly suggestive in his discussion of the intrusion of the un-tragic: of Christianity, for instance, or, in the post-Pascalian era, of Freud and Marx. These two are essentially Jewish, and, as he remarks, "tragedy is alien to the Judaic sense of the world." On the social and economic background he is perhaps allusive rather than suggestive: a book of this importance might have done for the development of tragedy in its crucial period what scholars like L. C. Knights and John Loftis have done for comedy.

But it is Mr Steiner's prerogative to feel that such an approach is not essential. The

book's greatest virtue is his finely wielded summarising style, a semi-aphoristic assurance of which this is typical: "Racine is one of those great dramatic poets (Byron was another) who had no natural liking for the theatre." Or: "*Sardanapalus* resembles a Delacroix — vibrant in colouration, but firm in the drawing." These are the sort of striking but unexceptionable statements that have examiners reaching for their pens. One can almost hear the unwritten "Discuss" hanging over the pronouncements like a subtle form of punctuation. Incidentally, Mr Steiner is excellent on Byron, and the German romantics, but less good on Shakespeare or the moderns. Might this be the staleness of one's own familiarity, or does the ubiquitous critic have, after all, a special period and interest?

Mr Steiner is consciously trying to broaden the scope of criticism once again to include the deeply felt, panoptic, literary, meditative narrative. There is no crabbed brilliance here, no eccentric byways, no new large ideas. Mr Steiner relies on a stylistic insight into a work, and less on originality (he does not refer to other critics, however, and there are no source references; the book is cast in semi-popular form). All this is refreshingly unorthodox nowadays, and there is no doubt that Mr Steiner's method is an intended challenge to the course of twentieth century criticism. If this perhaps leads him to a disregard for minutiae (does he not confuse Lear with Gloucester? — page 36), nevertheless, the heart of the matter is extraordinarily well done. It is a pleasure to read a critic with his feet, but not his nose, on the ground.

Wistful Jeremiah

The English Gentleman

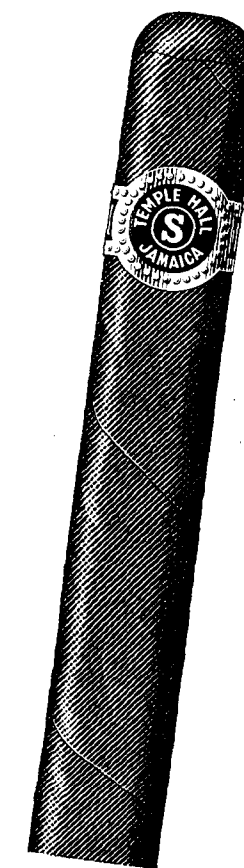
By Simon Raven.

Anthony Blond. 188 pages. 21s.

MR SIMON RAVEN has many rare and valuable qualities. He writes precisely, vigorously and economically. He is, on his own admission, a howling cad, without shame and almost without reticence. He is preposterously romantic — at times almost sentimental. He has enormous gusto, and is clearly fascinated by the spectacle of vice, especially among the rich and their parasites. He has a sharp eye, a sharp pen and great knowledge of his chosen, deplorable, field. He would be the ideal scriptwriter for an English *La Dolce Vita*; he is in fact one of our most promising comic novelists and social satirists.

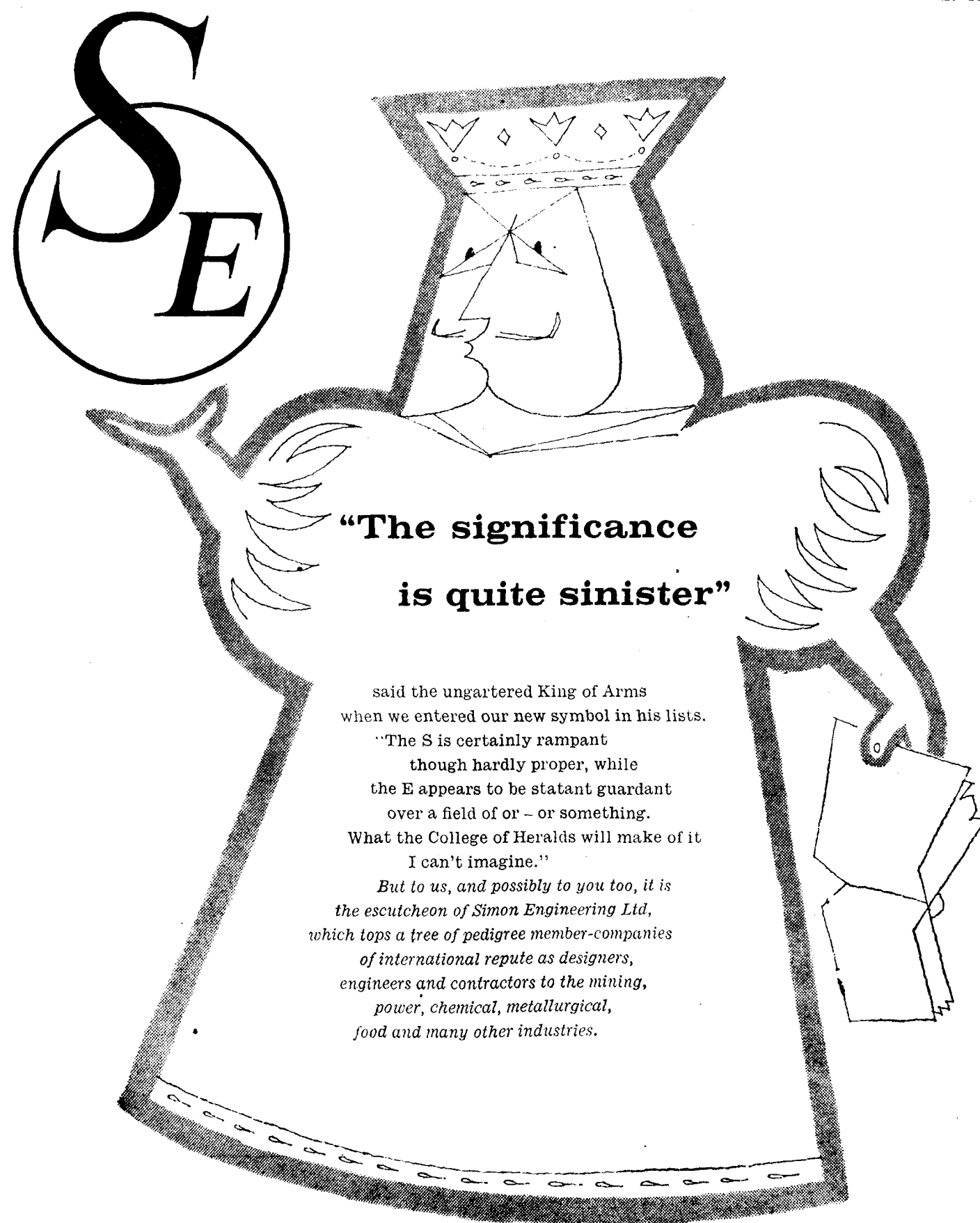
"The English Gentleman" is, in places, outrageously funny, perceptive and frank. The author lacerates the world of the gossip columnists with ruthless exactitude, seeing it as the most pressing present danger to what he understands as the good, if not the sweet, life; and his criticisms have added force as he does not spare himself his own justice. The book is, in fact, distinguished — like its model, Mr Cyril Connolly's "Enemies of Promise" — by a wry self-loathing that

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THE WORLD OVERSEAS

Congo Confusion

FROM A SPECIAL CORRESPONDENT

WITHIN the last few days there was the curious sight at Leopoldville airport of plane-loads of Belgians flying into the Congo, while others, in a panic, flew out. This oddity typifies the confusion that befalls the country as the Katanga crisis drags on unsettled. The Congo may have been more lethal, more explosive, in the past; rarely has the situation been more irrational. As well as the now traditional Leopoldville-Elisabethville vendetta, here is, at the moment of writing, a new secessionist movement in Orientale province, a breakdown of law and order in wide parts of Kasai, a serious internal split in Equateur, a half-baked attempt to overthrow the provincial government at Kivu, and a wave of Baluba bellicosity in North Katanga.

For good measure, reports of ugly incidents pour into Leopoldville every day. The total impression is disagreeable, to say the least; yet, in the capital itself, visible tension is remarkably absent. The ordinary, amiable Congolese, with his sights usually on the next banana rather than on the confabulations of the Security Council or the palaver of his own parliamentarians, continues to display a resilience and a talent for recuperation which are his country's saving grace; he seems ready to live with the crisis for a decade, if need be. There are moments when it seems he may have to.

For western observers—and for the United Nations—the disturbing question is how long the prime minister, Mr Adoula, can retain effective control of the country, if things continue to disintegrate. Much sympathy is felt for Mr Adoula. He has made a brave attempt to set the country on its feet, but unfortunately only a handful of his colleagues share his sense or his enlightenment. Too many were appointed on grounds of political expediency during the period of the Lovanium Parliament, and are pathetically out of their depth in their almost continent-wide ministerial responsibilities. Faced with agitation, led by the Lumumbists, for strong-arm action to clobber Katanga, Mr Adoula, and General Mobutu with him, had little option but to launch the ill-starred offensive which soon disintegrated into mutiny and rampage.

The damage has been more psychological than military (it can hardly be described as a military disaster; only about 20 were killed). The Adoula government has lost confidence and prestige through its association with this fiasco; and the confidence of the Europeans has been badly undermined. The military failure has brought disorder in its wake and shown up the apparent incapacity of the central government to control or administer its vast territories. Mr Adoula is now all the more vulnerable to attack by the Lumumbists—and already Mr Gizenga, who had been lying low in Stanleyville for several weeks, has seized his chance. He has summoned a congress of all pro-Lumumbist groups in Stanleyville this weekend (November 18th) in open defiance of Mr Adoula's authority. Many observers consider that Mr Gizenga, who is still officially first deputy prime minister in the central government, is verplaying his hand; but none the less it is a disturbing indication of the resurgence of secessionist feeling in Orientale.

No less serious for the central government is the reaction of the Europeans. The wave of brutality which broke out in Luluabourg at the same time as the military defeat has awakened all the old hobbias of a year ago. Unless order and confidence are restored,

Mr Adoula will find it hard to retain those Europeans—teachers, technicians, and others—on whose services his embryonic state still so much depends.

Already, however, the resilient Congolese are talking of the next offensive. Persistent requests for more direct United Nations support having been rejected on juridical grounds, the government has been casting around for military aid from outside sources—an exercise ominously reminiscent of the early Lumumba period, and a pointed reminder of what might happen if the Katanga question is not resolved. Despite the scant response to these overtures, General Mobutu and General Lundula (now apparently reinstated), locked in secret conclave, have seemed to be going through the motions of working out a new invasion plan. This time the target would obviously be North Katanga, where Mr Tshombe has virtually lost any control he ever had. Large stretches of it, including key places like Albertville (where Europeans have been fleeing from the tribesmen) and Manono, are reported to be in the hands of the Balubas, Mr Tshombe's traditional enemies. In terms of reducing the Katanga secession, this might seem a highly significant development; but it is fraught with danger. An orgy of tribal fighting, in which Europeans would inevitably suffer, is hardly the best means of turning the tables on Mr Tshombe. It is, in any case, doubtful whether Mr Tshombe is seriously alarmed about the loss of this northern area; as long as he firmly controls the key southern sector, with its wealth and its military supplies, he is likely to hold out unshaken.

What may be worrying Mr Tshombe more are the pressures—diplomatic, political and economic—being exerted on him from other directions. Mr Riches, the British ambassador, has recently paid a visit to Elisabethville; there have been pointed words from Mr Spaak, and there is even talk of sanctions. To reunite the Congo peacefully looks like being slow; to do it by military action does not seem to work. There is pressure for both, and the usual readiness to hope for a new United Nations formula which might somehow solve everything.

The Osagyefo's Umbrella

FROM A SPECIAL CORRESPONDENT IN ACCRA

WHEN Dr Nkrumah's new and provoking minister of information, Mr Tawia Adamafio, invited several representatives of the British press to a cordial private luncheon party here last Sunday, nobody could doubt any longer that the Queen's visit to Ghana was on the way to success. Nowhere has the ill-feeling between Britain and Ghana in the last few months been expressed more bitterly than in the columns of the newspapers on both sides. Dr Nkrumah's party newspapers, the *Ghanaian Times* and the *Evening News*, have howled with depressing regularity and hysterical suspicion about the machinations of the reactionary capitalist yellow press. The *Daily Express* and the *Daily Telegraph* have snapped back with alarm and despondency about Ghana's drift towards communism and the danger to the Queen in coming here at all. Only the day before the Queen and the Duke of

Edinburgh arrived Mr Adamafo called a conference of all the correspondents assigned to the royal tour, many of whom had been in Accra already for some time, and read them an ill-timed lecture on the alleged determination of some sections of the British press to distort the news from Ghana. Now suddenly all this is changed—at least in Accra. Not only does Mr Adamafo smile upon us all, but the local papers are almost beside themselves with joy, affection, admiration and respect for the royal visitors and all they represent. The cracks have been papered over with the stuff of pageantry, and barring accidents between now and Monday, when the royal party sails in the *Britannia* from Takoradi for Monrovia, Freetown, Bathurst and Dakar, this alone will have given the visit to Ghana an aura of success.



Accidents at this stage are not very likely. In view of the disturbed political situation of Ghana both internally and internationally, it was inevitable that some people would seize upon the explosions early last week to justify a demand for the cancellation of the tour. Indeed, the haste and feebleness of the explosions suggested that they were set off with precisely that in mind rather than with any serious purpose of bringing Dr Nkrumah or his government into physical danger. Essentially they seemed to be shots in a propaganda battle designed to alarm the British public and discredit Dr Nkrumah politically. It now looks fortunate that the British Government was not stampeded; and one of the most pleasing and successful features of the tour now is that it is being accomplished, in defiance of most expectations, with a minimum of overt security precautions.

The extent of the precautionary arrests has almost certainly been exaggerated in some reports. There has been nothing like the thousand claimed by some representatives of the Ghana opposition. The real figure is probably nearer a hundred, nothing out of the way in many countries receiving a state visit, even within the Commonwealth. In any public appearance anywhere the Queen is liable to be at the mercy of the crazy assassin. Nobody, however, can point to any group in Ghana that would wish to harm her; and those who wish most to harm the president are the most emphatic in their refusal to endanger the Queen. Dr Nkrumah, one suspects, is as well aware of this as anyone. He has done his duty by the royal party, appearing with them everywhere, even, on Tuesday, in Kumasi, where he is probably disliked by more people than anywhere else in the country. He has looked, according to those who know him well, more subdued than usual, but this may be because he is aware of his responsibility for the Queen—there is nothing Dr Nkrumah is more proud of than his position as a privy councillor. Even at his most sombre moments he must know that when he is holding an umbrella over Her Majesty to protect her from the sun, she is also holding an invisible umbrella over him protecting him possibly from something worse.

But, the Jeremiahs ask, is not that just the trouble? Is it not wrong for the Queen to extend the protection of her prestige and

charm—and she has never looked happier or more charming than on this trip—to a man who adopts such anti-democratic and anti-western policies as Dr Nkrumah? To questions of this sort the answers can only be made on political, not security, grounds, and there really has never been much room for doubt where the political advantage lies. Had the Queen's tour been cancelled at short notice the shock to Ghana would have been immense, but it would scarcely have toppled Dr Nkrumah. On the contrary, it might have strengthened him, for many a Ghanaian who may dislike the Osagyefo's conduct and policies would dislike even more such a snub to his country and such a personal disappointment administered by his old colonial masters. Other African countries of the Commonwealth would hardly have known how to explain such a rebuff to their peoples; and President Nkrumah's declining pan-African stock would have been given a gratuitous boost.

As it is, the Queen is here enjoying herself as much as any human being can possibly enjoy arduous tours such as these; the Ghanaians are clearly loving the fun and excitement; President Nkrumah is safe for the moment; relations between Ghana and Britain have been given a new and cordial lease of life. The only question is, how long can this last?

We should not be too sanguine. The new friendliness of Mr Adamafo and the newspapers towards Britain and the British is no better based than their old hostility was. Indeed, it is rather less so, for it does not reflect their naturally suspicious frame of mind. None of Ghana's problems will be solved by the Queen's visit. The country will still suffer from the disastrous fall in world cocoa prices, from Dr Nkrumah's ambition to be a pan-African leader, from the incipient tribalism which has to be suppressed, and from that familiar legacy of colonial touchiness and resentment that drives so many newly independent countries into extravagantly anti-western ways.

In a month or two, no doubt, when the Queen's visit has become only an agreeable memory, all these will be thrust forward again as the determining factors in Dr Nkrumah's policies; and it would be wrong to expect that the sight of the Queen greeting the Asantehene in Kumasi will have any lasting effect on the country's course. The trend towards one-man or one-party rule, and towards closer relations with the communist block, will probably continue for some years yet. The important thing is not to regard this as an unmitigated disaster and resort to despair, but to recognise it as part of Ghana's post-colonial development and give it enough time to work itself out without either aggravation or specific condonation. It is this passive, in a way negative, function that the Queen is fulfilling here now. She is unlikely to change any attitudes permanently for the better, but she may prevent things from getting a great deal worse.

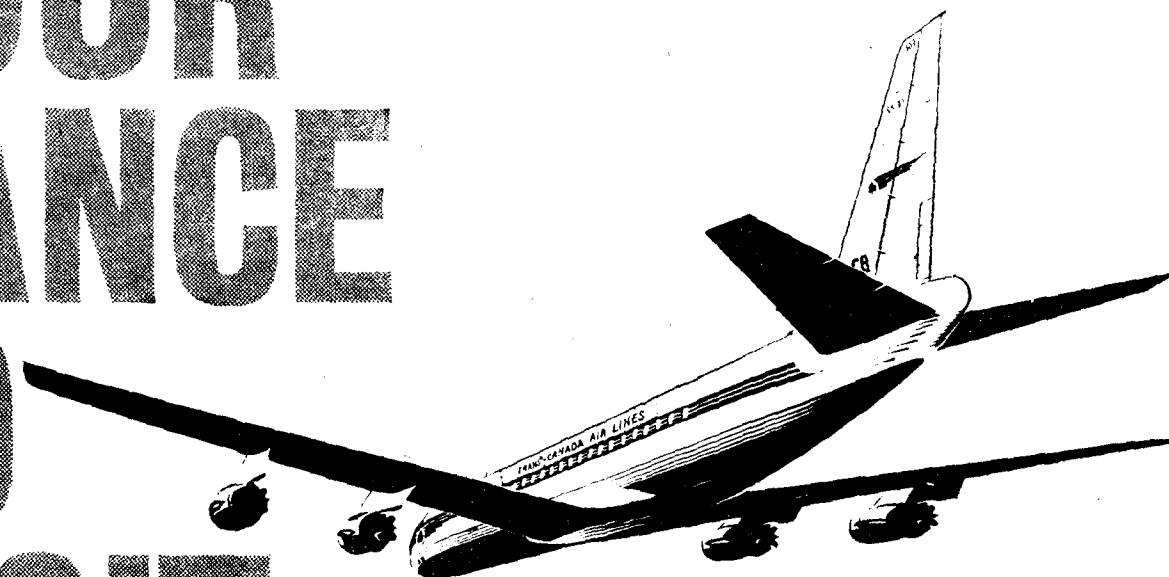
EUROPEAN HORIZONS

Crossfire at Quatre Bras

FROM OUR SPECIAL CORRESPONDENT

THE British arrived in grand style in Brussels last week for the first working session of the talks on British membership of the common market; if necessary they were prepared to settle down at once to continuous negotiations. One suspects that they may have been a touch disappointed when, after two days of discussion, it was merely agreed that officials should meet again on November 22nd and ministers on December 8th. The mischievous may note that the talks took place, not in the glistening monolith on the Avenue de la Joyeuse Entrée, in which the community has set up house, but in another building on the Rue des Quatre Bras.

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And the first skirmish certainly brought it home that the negotiations will be, not a party, but a hard-fought tussle.

Nevertheless both sides regard last week's exchange as a businesslike start. The two sides are still building up their negotiating positions, but the questions that the Six shot at Mr Heath on the Wednesday (November 8th) and the exchange of fire on the Thursday were an essential part of the process of groping towards a discussion of the substance. As everyone knows, the heart of the negotiation is the reconciliation of Commonwealth interests with the common market's common tariff. Both sides inevitably began by putting this issue partly in their own terms—Britain by talking of “preserving the Commonwealth,” the Six of the inviolability of the common tariff (“exceptions must not be made the rule”). But in the end a compromise formula was agreed as a framework for the next meeting of officials. Yet another procedural difference will then have to be settled. The Six want to discuss the Commonwealth question by commodities; the British want to go through the list of Commonwealth countries in turn. The subject is thus being approached from different angles, but the lines are converging rapidly enough to bring the officials to the point next week.

The shadow-boxing characteristic of the early days of most big negotiations does not worry either side. The time spent in formal manoeuvre can still be used usefully to sound out the ground privately and establish understanding. Indeed, in a good many matters solutions, though far off, are visible to both sides. But one major tactical problem is bound to complicate the argument: ways have somehow to be found of grafting the discussions with Britain on to the work the community is already doing.

IN agriculture this obviously involves some delicate surgery. The Six asked the British last week to put off discussion on agriculture until they had managed to get their own common policy under way. This postponement is understandable to anyone who knows the atmosphere in Bonn, where the main sacrifices, in the form of lower prices for the farmer, have to be made. Dr Adenauer has had great difficulty in persuading his minister for agriculture, Herr Schwarz, to remain in office and there are a good many Germans who still express the hope that the British will help them to resist the European Commission's proposals. Obviously the French, who are insisting that further progress on the common market as a whole at the end of the year must depend on progress in agriculture, and the Commission, are anxious that this shall not happen. And the indications are that the first crucial steps to put the common market in agriculture into practice will be agreed at a meeting of the ministers of the Six on November 30th.

The temporary omission of agriculture from the talks with Britain raises no difficulties for the British Government. It has already accepted the principle of a change in the method of protection (from subsidies to levies) on meat and grain, the main commodities now at stake between the Six. And if a start is in fact made at the end of this year on bringing German grain prices down, that is, from the Commonwealth angle, all to the good. It also now seems possible that the pill administered to the Germans by their partners may be sugared; they may be permitted to help peasants who lose from lower prices with temporary subsidies instead. In dairy products, which will come up for discussion later, the Commission's proposals also leave room for elements of subsidy and of regional variation in prices—which will be convenient for British butter and milk. Thus the new common policies that are taking shape leave scope for a blend of the British and continental systems, once the talks with Britain get going.

Vigorous arguments over farming matters, however, still lie ahead. Partly, no doubt, to keep the farmers quiet at home, the British have asked for a twelve to fifteen-year transition period for agriculture—the same length of time as in the original Treaty of Rome. The Six, who in practice are now embarking on an eight-

year transition period, after spending three years working out their plans, feel that this is absurdly long, when British farms are on the whole more competitive than many on the Continent. No doubt, too, there will be some arguments of principle about the Commonwealth. Both the Six and the United States have made it plain that they will resist demands for new preferential arrangements on a vast scale between the Commonwealth and Europe. The only alternative seems to be worldwide agreements on, say, meat and grain which would bring in Argentina and America as well. These, however, will take time to negotiate. It will be a delicate business to work out adequate transitional arrangements in which special provisions for the Commonwealth gradually give way to a new worldwide deal.

Africa presents tricky problems of grafting—perhaps, indeed, the most difficult of all. The ambassadors in Brussels of the African states associated with the Six urged them on November 10th to get on with building up the existing association and made it plain that they wanted big tariff preferences to be maintained. “First come, first served” was their reaction to talk of bringing the Commonwealth countries in. Within the European community itself there is a widespread willingness for an association with the African Commonwealth. But the Six can hardly ignore the urgent pressure from their own associates (even if, as some suspicious folk would have it, they have had some encouragement from Paris), and on December 6th there is to be a joint Euro-African meeting of ministers to discuss the refurbishing of their association. The British Government can of course propose association for the African members of the Commonwealth. But the key lies in Africa. The Nigerians, for instance, would probably be far more successful than the Europeans in persuading French Africa to put African unity before short-term commercial interests.

The problem of bringing the British gradually into the European process also arises in political integration; this is discussed in the immediately following article. Here Mr Heath's declaration in Paris that Britain is willing to play a part is already helping to get the economic negotiations under way. At a recent European discussion in Baden-Baden one German journalist remarked that he, together with a very large number of other faithful “Europeans” in France, Germany and Italy, had been opposed to British membership until about a year ago, because they thought the British would destroy the community from within. Now they had changed their minds for three reasons. The pressure from the east, they felt, had grown; Britain was now prepared to work for political as well as economic unity in Europe; and they recognised that a new younger generation was becoming influential in Britain. The backing of the “Europeans” has practical importance, for it is already becoming clear that the European Commission will play a leading part in the talks, if only by helping the six governments to agree. France retains its specially important position, underlined by the fact that in January it is M. Couve de Murville's turn to be chairman of the Council of Ministers. But in the opening engagement at Brussels, despite momentary splits among the Six, Britain has encountered a community outlook, in which a vigilant determination to defend the common market is combined with a real wish to have a seventh member.

Europe's Second Front

FROM OUR PARIS CORRESPONDENT

WHILE the future size of the European common market is the subject of the Brussels negotiations, its future political shape has been under discussion in Paris. The representatives of the six governments failed on November 10th to agree on a common draft for a political union, and decided to try again on November 29th. The draft principally under discussion was a diluted version of an

old gaullist project. That project, it will be recalled, first attracted public attention in July, 1960, when General de Gaulle sketched out his ideas about the political co-operation of western Europe to Dr Adenauer in a *tête-à-tête* at Rambouillet.

Some people greeted the scheme with misgivings, as a threat both to the existing institutions of Little Europe and to Atlantic solidarity. The French had to water their scheme down in certain ways, and to offer assurances that it was not aimed either against the Brussels institutions or against Washington. The amended version found acceptance in Bonn, but the Dutch are still proving hard to win over.

To overcome the Dutch opposition the heads of government of the Six decided (last July, in Bonn) to set up a committee which would draft a political plan for Europe. This Fouchet committee (called after its French chairman) has received several proposals, but the French draft of a European Union is the most comprehensive and has been most heard of. This new union, in the French version, would have a council, a political commission and an assembly. The heads of government (or state) forming the council would meet every four months and reach their decisions unanimously; their foreign ministers would meet not less often. The political commission would be staffed by civil servants and housed in Paris. The assembly, which would not be a new body but the existing assembly of the European communities, would have only advisory powers. The novelty in the draft is the provision that the treaty must be revised after three years in the spirit of closer co-operation. Since aims such as “a unified foreign policy” have been included among the desirable objectives, this article has been hailed as a possible sign of a future gaullist conversion from the unanimity principle to majority rule.

ARTICLE 17 of the draft provides for the admission of new members. The Quai d'Orsay let it be known on November 3rd that the French plan had British blessing—an embarrassing overstatement at a time when the Foreign Office was, in fact, happy not to have been asked to express an opinion. It is true that the French plan—with its unanimity rule and strict preservation of sovereignty—should suit British taste. On the other hand, the timing of this new venture, parallel with the Brussels negotiations, is awkward. There will certainly be those in London who point out that the political rules of the European club are being altered, without British participation, just when Britain is trying to join. But the Foreign Office has additional reasons for discretion. It can hardly rush in to back a scheme which is merely one draft among several, and which happens to be opposed by just those members who are most keen on British participation. Once again the Dutch have objected to the French plan and have asked that when political institutions are to be elaborated, Britain should be brought in.

Backed this time by the Belgians, the Dutch have attacked the French project from many angles. Defence, they say, should be left to Nato exclusively. A European government, they argue, is best approached through the merger of the executives of the existing European communities, which should be backed by a popular assembly elected through universal suffrage. They want the British in the drafting room. The Dutch have their critics in turn, who warn them of a contradiction between the two objectives they seek—European federation and Britain's full entry into Europe. But the Dutch have their reasons. Whether through federal institutions or through the British presence, they want guarantees against a Franco-German domination. Aware that they cannot make progress on the first safeguard, for the time being, they lay stress on the second.

Professor Hallstein, the president of the European Commission, was the French President's guest on Thursday, an occasion pre-

sumably used by General de Gaulle to offer reassurance to the Europeans. General de Gaulle will doubtless talk further about his scheme when he meets Mr Macmillan on November 24th. In the following week the Fouchet commission makes its second attempt to produce a common draft, and General de Gaulle is to see Dr Adenauer again. This European second front is unlikely to fall quiet.

Mr Diefenbaker and the Common Market

FROM OUR OTTAWA CORRESPONDENT

AS it looks from here, the Anglo-Canadian differences about the European common market have developed into a competition in gamesmanship between an old pro and a bunch of country bumpkins. Mr Macmillan's management of British public opinion throughout the long build-up preceding the Brussels negotiations looks like a model for Madison Avenue to dream about. Some Canadians, eyeing it enviously, are now suggesting that a more critical and less docile press might in the long run be better for Britain. North Americans find it difficult to acquire, or wholly to approve of, the sort of solidarity which in British eyes probably seems most admirable and desirable for a country entering into a fateful undertaking, whether it be war or negotiations to join a common market.

Mr Macmillan's deft manipulation of British opinion deserves part of the credit for the excellent press that Britain's approach to the common market has had in this country. But if the Canadian ministers had been equally professional in their gamesmanship, their Madison Avenue rating need not now be nearly as bad as it is, either here or in Britain. The Canadian prime minister has been outclassed by Mr Macmillan in the very art which has been claimed as Mr Diefenbaker's chief political asset. The speeches of his ministers, whether leaked from private meetings at Accra, delivered in Parliament, or vouchsafed to service clubs and other miscellaneous audiences all over Canada, have reduced Canadian opinion to confusion. Last week's Canadian newspapers were rich in articles setting forth the statements of different ministers in the same week, and of the same ministers in different weeks, in a juxtaposition that made them ridiculous.

Mr Diefenbaker took practically no part in this ministerial relay until last week, when he spoke in Halifax. Even then, the voice of the master came through uncertainly; he spoke without a manuscript and neither his exact words, nor their context, are of certain record. But the keynote was unmistakably different from previous statements by his colleagues and by his High Commissioner in London. It was as though he said, “They may talk like country bumpkins, but I am as good a gamesman as any Macmillan.” Whatever the precise words, the intent was clearly to place upon Mr Macmillan the whole responsibility for any damage Canada may suffer if Britain succeeds in joining the European Economic Community. Mr Diefenbaker said he had Mr Macmillan's assurance that Britain would not sacrifice any of those vital things upon which the continuance of the Commonwealth depended; and he confidently accepted that assurance.

This sounds like the first stroke of real gamesmanship to come from the side of the country bumpkins; unfortunately, that may be the extent of its significance. Certainly it does not alter the Diefenbaker government's opposition to British entry. But it does raise the question whether superior gamesmanship is more likely to gain real victories or to end in the futility of an advertising campaign which wins professional admiration without bringing in any sales. City folk are prone to the error of taking the bumpkin's clumsy awkwardness for complete boneheadedness. On this sub-

ject, Canadians generally would agree that their government has been both clumsy and awkward. The Canadian ministers have so completely failed to explain their case that even their own people are ready to assume that they have none. The British spokesmen have brilliantly exploited these inarticulate Canadian mumblings. One might say that it has almost been established that Macmillan washes whiter, while the Canadian advertising leaves it in doubt what the Diefenbaker detergent is meant for at all.

But the final test is at the washtub. The very clumsiness of the Canadian campaign raises a doubt whether the Canadian case can be as bad as all that. Summarily, this case—which officials here argue strongly—is that the British Government was both unreasonable and unfair to expect Canada and the other Commonwealth countries to announce in advance an order of priority among their trading interests. “That may have been possible for some countries like Australia,” said one Canadian apologist, “but our interests go right across the board. We have declared our interest clearly enough; but we cannot announce in advance of negotiations that we are ready to sacrifice certain items rather than others.” Thus the Canadian Government believes it has taken the only possible negotiating position in insisting that the British should advance their proposals for Canadian consideration, instead of expecting the Canadians to choose which limbs shall be lopped off. It is a position consistent with Canada’s opposition to British entry, which, wise or foolish, was always clearly known. Britain, it is said, is seeking to break its preference contract with Canada; surely it is normal and proper that Britain should put forward proposals. There is irritation here that the British Government should ever have expected anything else; and it is being stoked by the growing impression that the British ministers are not fully revealing the details of their European talks, even to Commonwealth countries which they have criticised for hesitating to lay bare all their thoughts.

Behind the futile front the research and design team is presumably at work, planning, one supposes, for the day when Canada has to make up its mind what to do. The Canadian formula may not be revealed until Britain has got its own common market package tied up. In a tentative way, however, Canada’s backroom boys are beginning to reckon with the sort of world the Americans may fashion when the British-European bargaining is over.

Italian Communists in Disarray

FROM OUR ROME CORRESPONDENT

THE Soviet Communist party’s 22nd congress has all but shattered the ideological foundations of the Italian Communist party. The shock is more stunning than Mr Khrushchev’s first repudiation of Stalin at the 20th congress. Five years ago it was possible partially to conceal the implications and even the facts of the Khrushchev report from most of the communist rank and file. Not more than 20 to 25 per cent of the party members are believed to have read it or at least to know its contents. In the depressed parts of Italy many communists even knew nothing. This time concealment is impossible because, for one thing, Mr Khrushchev himself has made the facts public and, for another, news now travels faster and wider in Southern Italy than it did five years ago, thanks to television. Moreover, in 1956 the Hungarian revolt, coming so soon after the 20th Soviet congress, made it possible for the communists to rally, if only defensively, and so to put aside the ideological problems raised by the Soviet congress.

This time Mr Khrushchev’s accusations go much deeper. Moreover, by implication all Stalin’s contemporaries and associates are involved, including Signor Togliatti (visibly aged since he came back from Moscow), who is not far from the last surviving member

of the Comintern. He is therefore under suspicion with the younger members of the party, who are demanding a complete critical historical analysis of the whole period of Stalin’s dictatorship, leading, if necessary, to the rehabilitation of Trotsky. The analysis, they feel (and they are encouraged in this by the Socialists and the Social Democrats) should show whether the men or the system were at fault. These young communists have been shaken by the Socialists’ thesis (expressed by Signor Nenni) that the tale of Stalin’s crimes goes to prove that the system lacks institutions able to guarantee it from abuses of power. Signor Togliatti pretended at first to take this bull by the horns. Signor Ingrao, Signor Pajetta, Signor Amendola and other members of the party directorate were detailed to declare that the party must explain to the rank and file how such things (as individual and mass murders) could happen



only in a particular historical context. They were to explain the historical reasons for the errors of the personality cult. Signor Togliatti, however, seems quickly to have felt that an appeal to history could draw him onto dangerous ground—especially since Signor Nenni is perhaps disingenuously, clamouring for Mr Khrushchev to open his archives. At the Communist party’s central committee Signor Togliatti cut short the “historical” argument by saying that nothing can be seriously wrong with a system which, even under a cruel tyrant, allowed the Soviet Union to make such spectacular progress as a socialist society and as an international power. For Signor Togliatti (educated by the Jesuits) the end still justifies the (stalinist) means.

The Italian Communist leaders are now confronted with the problem of whether Mr Khrushchev is going to win the last round with the anti-party group or whether he, in turn, will very soon be overthrown either by the old guard or by a *nouvelle vague*. At present they resent his failure to give them any warning that he was going to drag Stalin from his tomb. They feel that, to put it mildly, he under-rates the ideological difficulties which de-stalinisation creates for the communist parties in the West. Moreover, he sprang on them his new attack on Stalin just when their morale was badly shaken by his bomb tests, which have been a serious ordeal for a party whose propaganda is based on “peace” talk and had pilloried the French bomb because it polluted the atmosphere. A further cause of disquiet is the belief of some communists (and socialists) that Mr Khrushchev intends to double-cross them by coming to terms with the Americans. His aim, they allege, is to obtain a twenty years’ truce so that the Soviet Union can consolidate its economic progress. Any entente between the Russians and the Americans would leave the French and Italian Communist parties with an ideological platform of rotten boards.

In spite of these motives for resentment and suspicion, the



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Italian Communists are unlikely to sever their relationship with the Soviet party. At the same time they fear that a too supine obedience to Moscow may reduce them to the condition of the French Communist party, which they regard as a bunch of factious bureaucrats. Stalin used to be venerated as a father figure in thousands of Italian homes. Even after the 20th congress his picture still hung in many communist co-operatives. This idol cannot be destroyed without hurting the iconoclasts. Humble Italian peasants and workers will not understand the "historical" explanation of Stalin's crimes. To them the man who led the Soviet Union to victory, and destroyed the Nazis and the Fascists, is a symbol. Now they find their beloved *Baffone* (mustachios) insulted after his death in a way which almost recalls the treatment given to Mussolini.

After the ideological crises of 1956 the Italian Communist party lost 238,000 votes. The intellectuals deserted it *en masse*. But in the 1958 elections it gained more than half a million votes. Since then membership has declined steadily (from two million to about one and a half million) and votes have increased at every local or general election at the rate of 1.5-2 per cent. As votes have become more important than membership cards, the party's organisation and propaganda have undergone a subtle change. The party is conditioned by life in a parliamentary democracy. Today in local elections it is losing votes under the shock of Mr Khrushchev's bomb tests and it is certain that many members will fail to renew their cards. But in the long run the party's future depends first on what Mr Khrushchev does next and secondly on what Signor Nenni and the Socialists do.

At present Signor Nenni is determined to press his advantage, claiming that the new Khrushchev is but the old Stalin writ small, in order to bring the Socialist party into a left-centre coalition. This would isolate the Communists, a fate which they morbidly fear. Some Socialists, however, think it would be a mistake to leave the Communists alone in opposition, attracting the votes of all the dissatisfied Left. Instead, they claim, the Socialist party should take advantage of communist disarray to stand forward as the major party in opposition, reclaiming its right of primogeniture as the first working-class party. The Socialists' division on this issue is so bitter that it may split their party.

Neutral Dilemmas

FROM A CORRESPONDENT LATELY IN PNOM PENH

THE Cambodian policy of neutrality—a neutrality so absolute that Prince Sihanouk has even been at pains to avoid too close association with the "neutralist" block—is facing its severest test. Diplomatic relations between Cambodia and Siam have been broken and the frontier has been closed. South Vietnam accuses Cambodia of harbouring Viet Cong (communist) rebels and the Cambodians, conscious that their neighbours are far more numerous and better-armed, dig slit trenches in the public gardens of Pnom Penh. Now Prince Sihanouk, in a statement published in *Réalités Cambodgiennes* on November 3rd, has threatened to turn to the communist block for assistance if the Americans do not impose restraint on their allies. What is it all about?

The explanation is partly historical. When the great Empire of the Khmers (whose descendants are the modern Cambodians) founded in the 14th century, its vast territory was divided between the Annamites (Vietnamese) and the Siamese. If the French had not imposed a protectorate in the 19th century Cambodia might well have disappeared altogether. Even as late as the second world war the Siamese took temporary possession of two Cambodian provinces as a reward for collaboration with the Japanese. Memories of Vietnamese invasions and occupations are as vivid.

A dispute about the ownership of an almost inaccessible ruined

temple on the Siamese-Cambodian border caused a temporary diplomatic rupture and closing of the frontier two years ago, but the dispute was patched up and referred to the International Court of Justice. On October 20th, however, the Siamese strong-man, Marshal Sarit, on the strength of a garbled version of a press conference given in Tokyo by Prince Sihanouk, made a violent attack on Cambodia with insulting personal allusions to the prince. Cambodia, he said, had shown its willingness to become a base for communist aggression against Siam. The Cambodians, particularly offended by the sneers at Prince Sihanouk, broke off relations, and the Siamese then closed the frontier, making it more difficult for tourists to visit the magnificent Khmer ruins at Angkor in northern Cambodia.

Observers of the Bangkok political scene are full of possible explanations of Marshal Sarit's violent speech. He may have wished to create an atmosphere of national emergency in order to forestall a struggle between rival army generals anxious to stake out a claim to succeed him. He may have wished to get greater American financial aid or an even more categorical assurance of American support in the event of foreign attack. In the past the Siamese have found that a demonstration of an independent foreign policy can pay dividends.

SUCH sophisticated explanations have no currency in Cambodia, where the army is painfully conscious that its lack of modern equipment would soon reduce it to a guerrilla role. The threat of invasion is considered real and the Cambodians point to their concurrent troubles with south Vietnam as evidence that the two pro-western countries are planning a concerted campaign. The only question seems to be whether, as the more left-wing newspapers allege, the United States is conniving at this intended aggression. Hence Prince Sihanouk's statements that he will, reluctantly, have to ask for communist assistance if attacked.

The immediate cause of trouble with Saigon arises out of the struggle between government and Viet Cong forces in south Vietnam. Partly in order to disguise the fact that it holds only two frontier-posts in strength (one of these was actually overrun not long ago) the Ngo Dinh Diem government has accused Cambodia of harbouring and encouraging Viet Cong rebels. It is true that the frontier is ill-defined and so swampy that its physical aspect alters radically with the seasons. Hence it is quite possible that Viet Cong groups slip across the frontier, but it is quite wrong to talk of Cambodian connivance, just as it would be wrong to accuse the south Vietnamese of deliberately violating the frontier because they might cross it in the heat of a skirmish. It is a pity that the south Vietnamese allegations have been repeated by certain sections of the American press, giving a handle to the left-wing Cambodian newspapers who would like to push Prince Sihanouk nearer to the communist block.

Despite mild criticisms from both right and left in Pnom Penh, there is no doubt that Prince Sihanouk enjoys the overwhelming support of the Cambodian people. Amongst the peasants he enjoys the prestige of his royal birth as well as of a brilliant orator. In spite of his international preoccupations, he has not been neglecting the countryside and, although most people still live at the subsistence level, there are signs that the high proportion of the national resources spent on education will bear fruit in the use of better agricultural and fishing techniques.

The Americans have a difficult role to play. Siam and south Vietnam are, after all, their close military allies and far stronger militarily than Cambodia. Nevertheless, they will have to point out to their allies that violent attacks on Cambodia are, in fact, only likely to produce the very state of communist domination that these allies profess to fear. At the same time the Cambodians must realise that Marshal Sarit is not just an American puppet and that American influence is limited.

HOME REPORT

The Eating Classes

FROM OUR SPECIAL CORRESPONDENT

Members of the editorial staff and local correspondents report on life and happenings in and around Britain



£1,250,000 a year for clerical work in connection with the meal service, an increase of £750,000 since 1957-8.

Expenditure on non-teaching supervisors to help with meals and meal-break playground duty has also risen—from £1,500,000 in 1957-8 to £2,250,000 now. These assistants see to queue-marshalling and so forth: there is always a teacher in general charge. The maximum number of pupils to one teacher at meal-times is supposed to be 150—it is more usual to halve this proportion. There are no rules about the frequency of dinner-duty, but an hour a week (which may be half an hour twice a week) has come to be regarded as reasonable. In secondary schools it is nearly always less. It is hard to see how this could be cut further unless the teachers were replaced entirely by assistants—which is, of course, what some of them want.

In infant schools, where the children need careful nannying, one assistant is recommended for 30 children; in junior schools the policy is one or at most two to 150 children. Secondary schools are not considered to need, and rarely have, supervisory assistance. The National Union of Teachers is campaigning for this approved level to be raised: in particular, it wants supervisory relief for the secondary school teacher.

This seems a misplaced aim, and one with which many teachers would not agree. It is one thing to find a kind, motherly person willing to help five-year-olds cut up their meat; it is quite another to hire a non-teacher capable of restoring order in a roomful of teenagers fighting each other with knives and forks. Such nightmarish episodes may be rare, but the crux of the matter is that in a large, tough secondary modern school, where a teacher needs to combine the patience of the dove with the roar of a sergeant-major, few outsiders are likely to be very effective.

It all comes down to the fact that, as everyone recognises in theory but few are able to apply in practice, feeding is inseparable from social training. Nannying from five to seven is a good basis; it would be better still if things were so organised that in the junior schools adults—teachers and helpers—actually fed with the children, in as small groups as possible, and taught them that meal-time behaviour consists of more than just refraining from hitting your next-door neighbour.

The present arrangements fall hardest on teachers in primary schools, with no free periods and dinner duty probably cropping up once a week. If help to the teachers is to be increased, it is better that children's social sense should be encouraged at this stage. Finally, there are still too many schools where dining conditions are horribly cramped and squalid, sometimes necessitating as many as three sittings. In the smaller infant schools classroom feeding is common, and has not entirely disappeared for bigger children. This is one field where the authorities should, with the Ministry's backing, make determined improvements as soon as possible.

DINNER at school is now a habit with over half the school-children in England and Wales, and as a habit it is still spreading. In rural areas where a child may travel fifteen miles to school education would be impossible without it, except at the cost of undernourishment. The genuine welfare aspect of the service is still a reality, too. At last year's census 3.8 per cent of children were receiving free dinners; many more were allowed reduced rates. The places where a relatively high proportion—over 8 per cent—of the dinners were free provide a commentary on the patchiness of modern prosperity. Of the towns, Sunderland, West Hartlepool, Newcastle-on-Tyne and Gateshead all came in this group. Of the counties, Anglesey was way ahead with nearly 17 per cent eating a free meal, in contrast to comfortable Hertfordshire with less than 1½ per cent.

The teachers knew the power of the weapon they had chosen when, in their salary dispute with Sir David Eccles, they threatened to withdraw entirely from supervision or any other duties connected with the lunch period. In most places this would have meant morning school only. The very fact that the meal service was seized upon as a weapon is bound up with the genuine grievances which teachers feel about the system. The Minister has recognised this and has said he is prepared to discuss ways of relieving the burden.

It is very provoking to do a service of one's own free will and then to find that it has become a permanent obligation. This is the feeling that many teachers had when the 1944 Education Act officially embedded the midday meal into the educational system. Embedded it has remained as a thorn in the flesh of the teachers who work in those schools where squalid physical conditions, poor organisation, or bad discipline make dinner-time the most dreaded hour of the day.

OUTSIDE such schools—fortunately in a decided minority—the meal system is not without its pinpricks, some of which could be alleviated by closer adherence to that part of the 1944 Act which says that school meals should not impose duties other than supervision. Collecting dinner money and accounting for it still take up too much of some teachers' time (even if a few secretly prefer dinner registers to teaching first thing in the morning). An amazing number of parents do not seem to have 5s. handy on a Monday morning for the week's payment; this and the cut price payments all make for added time consumption. A circular issued by the Ministry in March 1959 recommended only one reduced rate, but even this simplification has not been achieved by London County Council, for example. A non-teacher, such as the school secretary, may collect dinner money but again many teachers would rather do the chore themselves than have their lessons disturbed. Some Sheffield schools have used slot machines issuing meal tickets at 1s. a time, only to find children going hungry because the family's shillings are apparently all earmarked for the gas meter.

As for accounting for the money, there are now said to be no secondary or big primary schools without secretarial assistance for the purpose. Head teachers who feel they need help can ask for it from the local authority. The Ministry of Education is now paying

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Henley at Bay

FROM OUR SPECIAL CORRESPONDENT



HART STREET at Henley-on-Thames curves widely down from the commercial end of the town to a full stop at the parish church tower, a few yards from the river and regatta course. It is graceful and pleasant rather than distinguished; but it is tranquil and mature, and therefore possibly more valuable to its inhabitants than mere architectural merit could be. Not that it lacks merit: 20 of the buildings which flank it are on the list of buildings of special architectural and historic interest.

One of these buildings is now threatened. This is the Catherine Wheel Hotel, whose double Georgian façade at the focal point of the curve occupies nearly a fifth of the street's frontage, and is, apart from the church, its most important single feature. A property company has in mind the demolition of the Catherine Wheel and the erection in its place of six shops with maisonettes above and sixteen garages—to which the residents and borough council of Henley and the Oxfordshire county council have taken the gravest exception, supported by the indignation of the Ancient Monuments Society, the Council for the Preservation of Rural England, the Georgian Group, the Fine Arts Commission, the British Travel and Holidays Association, the Council for British Archaeology and Mr Osbert Lancaster.

When the planning application was first made to the borough council in 1959, the plans were returned for revision; but the general purposes committee did not oppose the application when it was re-presented last December. Shortly thereafter Oxford county council, in some alarm, made a preservation order on the building and, when the planning application was duly passed to them, refused it. In July, Henley borough council, with the consent of the general purposes committee, rescinded the previous decision.

But the would-be developers appealed against refusal, and, at the hearing a fortnight ago, presented their case for demolition. The street, they said, needed shops to serve the town. And their planned development would enhance the architectural wealth of Henley, get rid of a building "ripe for demolition" and spare the owners the loss of thousands of pounds.

All these contentions were disputed by the objectors, who pointed out that Henley already had one shop to every 48 inhabitants, whereas other towns, even in Oxfordshire, had as many as 330 people to

a shop (and new towns recommend between 100 and 230 to a shop); claimed there were already eight shops empty in Henley and that the turnover of the rest was only a fifth of that in comparable shops in other towns; and dismissed as a joke the promise to improve Henley's architecture.

As to the losses of the hotel owners (£1,457 in five years), the citizens replied that they were not surprised, since there had been thirteen different managers during that

THE ECONOMIST NOVEMBER 18, 1961

period; and in any case, if other hotels could make, and increase, their profits, so could the Catherine Wheel, rightly run.

It does not seem possible that the appeal can succeed; but even if it does not, the matter will not be at an end. The owners have threatened to close the hotel and let it fall into ruin if they are not allowed to develop (and there are no powers to compel the owner of an historic building to keep it up). They may even refuse to sell it at market value to anyone interested in it as a going concern.

Perhaps the lesson in all this is that the time has almost passed when owners of desirable (and viable) property can destroy it, and with it the amenities of people living near it, without reference to anyone else's wishes or to anything but their own gain. That this is not always so has been shown by several cases of hotels in thriving country towns being replaced by "modern" facilities (which can hardly be good for tourism). Perhaps Henley, with its battalions of pre-servers, will redress the balance.

More About Rhodes

FROM A CORRESPONDENT IN OXFORD

THE physical expansion of the university is less obvious in Oxford than the bold intrusion of the mass-service stores into the heart of the city, but is already marked and will increase. One estimate is that about £10 million of new university and college building is likely to go up by 1970, half of it within the next few years. Some of this, like the new St Catherine's College and the new engineering laboratory, has already begun.

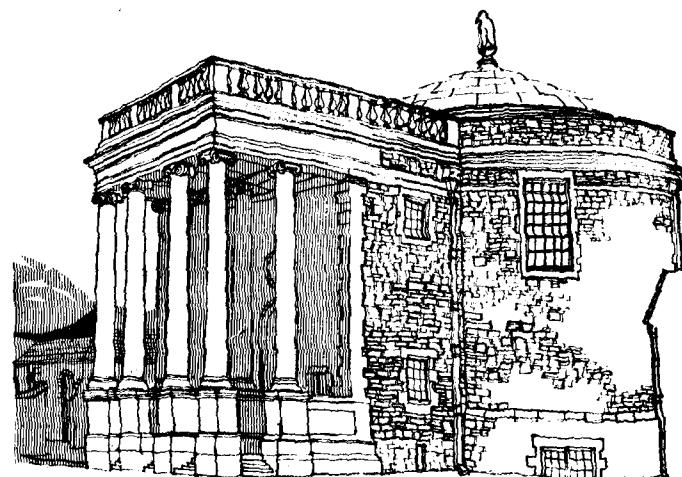
Priority within this programme is decided by a mixture of University Grants Committee decisions, luck and individual bargaining, rather than by overall planning. The latest example of this Anglo-Saxon empiricism is the Rhodes Trustees' offer to donate Rhodes House to the university, to be used as headquarters by the Vice-Chancellor and Registry. The trustees mean to build a new warden's house and other accommodation at their own expense on a site further down South Parks Road. At present this offer has been provisionally accepted by the Hebdomadal Council, and the matter is now open to debate—if anyone wants to.

Would Rhodes have approved? At his death in 1902 he left a large sum to trustees to endow scholarships at Oxford. His intention was to prevent war by knitting together the future leaders of the Anglo-Saxon race. The scholarships were at first intended for white South Africans, other white

dominions subjects, Americans and Germans, in that order. (The Germans came every year until 1914 and again from 1929 to 1939.)

Rhodes scholars (about 160 a year) now come from India and black Africa as well as from the dominions and America, and the Germans have not returned. The change in the pattern of world power has necessarily modified Rhodes's identification of its centre with the axis Berlin—London—Washington and first-class honours degrees have become almost more characteristic of the scholars than muscular imperialism. Still, with all these qualifications, the scholarships as they have worked out have been and are a powerful demonstration of the force of ideas and the creation of myths.

This cannot escape the visitor to Rhodes House, the neo-classical mausoleum to



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Rhodes's memory built in warm Cotswold stone between 1926 and 1929 near Wadham College. Its echoing interior, with carvings of African animals and imperial mottoes, is reminiscent—deliberately so—of the age of Jameson, Milner, Beit and other heroes, after whom its rooms are named. Its large rooms are used for lectures, its smaller ones for conferences and university meetings.

Sea Lights

UNTIL this week's gale died down the crew of the East Goodwin lightship spent a highly dangerous and uncomfortable time riding out the storm, attentively watched over by lifeboats, a Trinity House tender and an admiring television audience. The vessel's securing chain snapped on Sunday night and, having no motive power (which is thought to be too expensive for light vessels) she drifted four miles off station until the emergency anchor held.

This is always a risk in winter for the 34 manned light vessels at sea under Trinity House management. Later on the suburban Christmas will not be complete without news stories of the overdue relief of the Wolf Rock or some other buffeted and isolated lighthouse.

There are 230 lightkeepers of all ranks, serving 24 shore and 31 rock stations, and 400 men in light vessels in the Trinity House service. Most of them earn rather less than the £13 4s. a week of a London bus conductor (before overtime). The basic scale for a principal lighthouse keeper now rises to a maximum of £618 a year (on the 1955 scale it was £492). An assistant keeper earns a basic £543 after 20 years' service. There are numerous small allowances (4s. 9d. a day for victualling at rock lighthouses, 2d. an hour when the fog siren is sounding), and a free life assurance premium (£3 a year), but land jobs still carry far better overtime opportunities.

There is a big, well-organised library where you can browse in the stack.

The background to the Rhodes Trustees' offer of these premises to the university is, first, the remorseless rise over the last decade and a half in undergraduate and graduate numbers (this looks as though it may level off); second, the scale and complexity of university projects which are likely to in-



The master of a lightship with four years' service gets £658 a year and a seaman of equal service £568 including a compounded allowance for overtime. Although there are new allowances for long service and others for long hours at sea (£4 a week) and various inconveniences, together with a fortnight's leave for every month on duty, it is still not an attractive job by snug home-and-garden standards.

The old tradition of lighthouse families has almost broken down. The job requires much more mechanical expertise than it did, particularly since the smaller lights have been changed to unmanned apparatus. The lightships' long spells of shore leave appeal to merchant seamen and distant-water trawlermen.

The general lighthouse fund shows an expenditure of £1,824,000 on the Trinity House operation (England and Wales) last year and £581,000 by the Commissioners of Northern Lighthouses (Scotland and the Isle of Man). As a continuing imperial link the Commissioners of Irish Lights (expenditure £751,000) are still accountable to Whitehall. Since the fund is chiefly sustained by dues levied on shipping using British, not Irish, ports the arrangement is not unreasonable.

crease. Each year the fiction that only the colleges count, devised in a more leisured and lazy age, and demonstrated by the university administration's present cramped quarters in the old Clarendon building in Broad Street, becomes less convincing. One recent proposal was to demolish another imperial legacy, the Indian Institute (opposite the Clarendon building) and replace it with a new administrative block, over whose design heads were shaken. This plan now seems likely to be superseded by the present one.

Several points could be raised over the Rhodes House proposal. Many dons believe, like good nineteenth century liberals, in keeping the central government small and uncomfortable: they may resent its proposed emancipation. There have even been murmurs that the trustees are skilfully embarrassing themselves of a white elephant. At a more responsible level, it could be argued that though acting within their legal powers they are endangering the continuance of the Rhodes myth, of which Rhodes House is a conscious part. Admittedly the trustees insist that the name should remain. But then what is their proposed second building to be called?

Another point is that Rhodes House is not exactly tailor-made for office purposes. Even for its present ones modern design would plan differently. Is it to be altered? If it is, would this be within the scope of the gift? Anxiety will also be felt for the library, which the trustees have stipulated shall be kept intact. Where is it to go, with the Bodleian already so crowded? And what will happen to the present Registry building? As it stands, the proposed transfer, though partly intended to save on building, seems likely to result in a good deal of it.

★

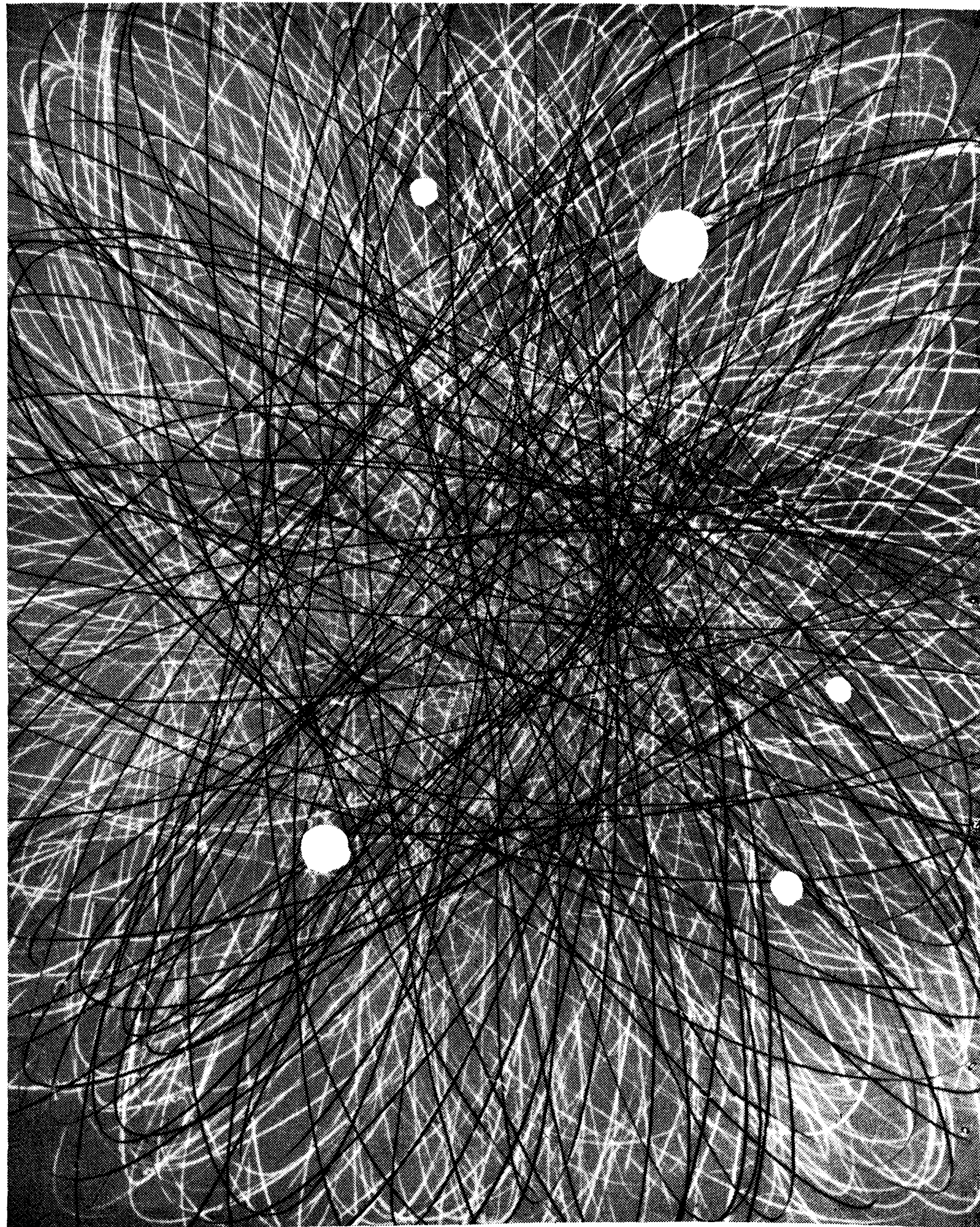
Correction.—In a report on page 548 last week summarising the Welsh poll on the Sunday opening of public houses, the advocates of opening were credited with a victory in Carmarthen, which was, in fact, overwhelmingly in favour of closing. The final score for all Wales was: for opening, 5 counties, 4 county boroughs; for closing, 8 counties.

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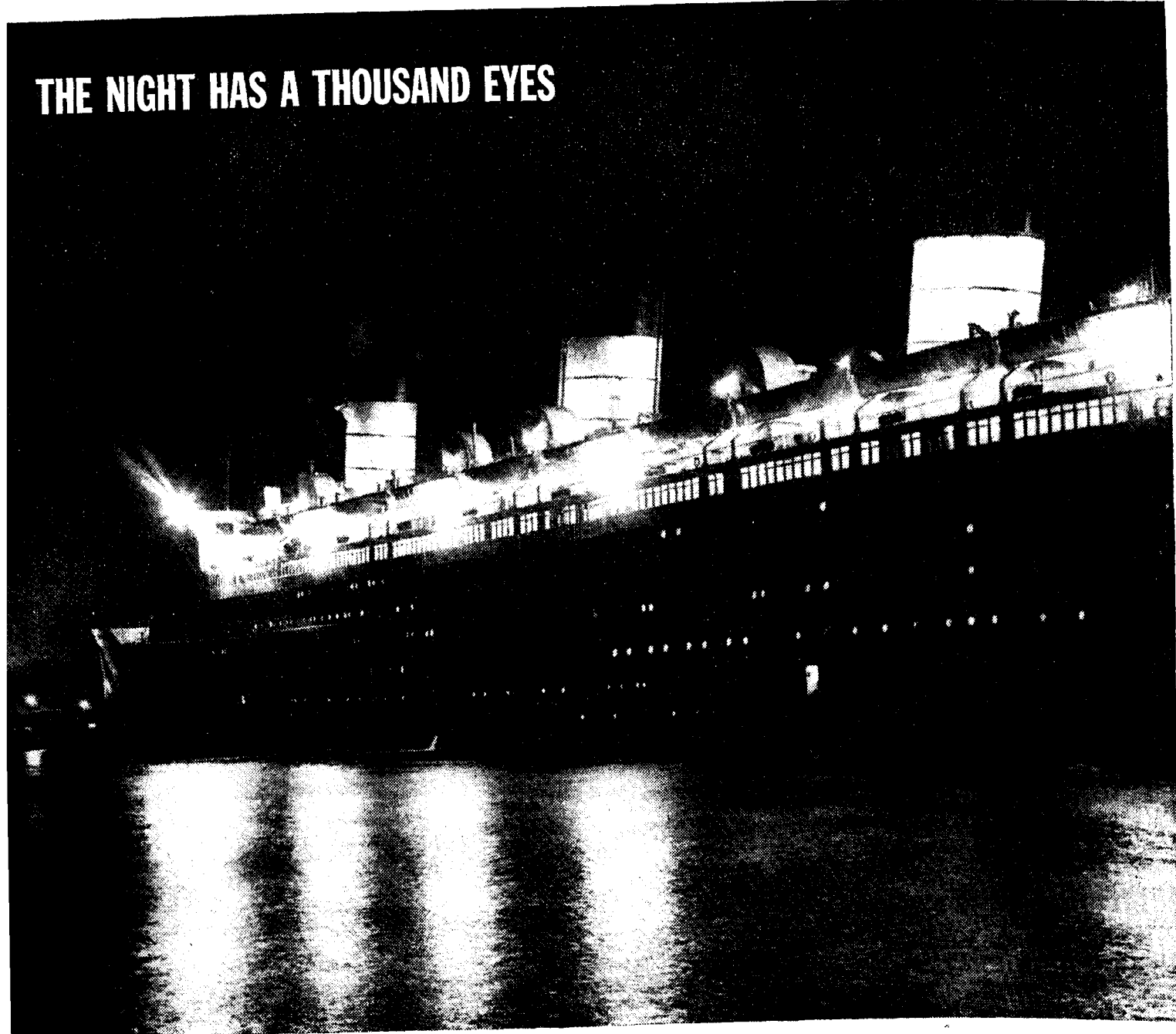
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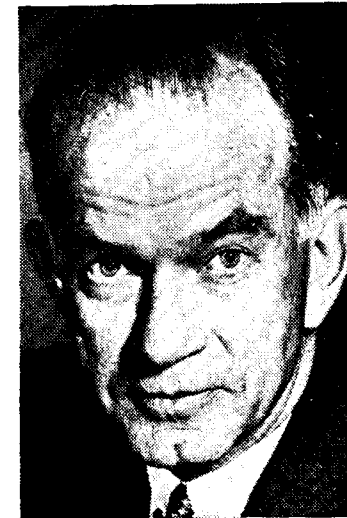
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Fulbright's Fight for Survival

LITTLE ROCK, ARKANSAS



THE political witch-hunt had a great vogue in the United States at one time but it began to go out of fashion in 1952, when many Americans were ashamed that General Eisenhower sat silent on the same platform with a demagogic Senator who denounced the late General Marshall, General Eisenhower's former military superior and benefactor, as a "front for traitors" and a "living lie." But unhappily this form of persecution holds inexhaustible charm for a stubborn and active minority and one such hunt has been in progress for some months in Arkansas, and specifically in Little Rock, where four years ago armed paratroopers escorted nine Negro children through the streets of this trimly laid-out town into a "white" school and thus forcibly ended the principle of educational segregation in the state. In the South as a whole the race situation may well get worse before it gets better. But in Little Rock about fifty carefully selected Negro children now attend school alongside white children and, contrary to the dire predictions of the segregationists, the racial atmosphere in the town has improved.

Most of the townspeople, who were bitterly opposed to integration, are now rather proud of the cautious progress that has been made and of their ability to remain emotionally undisturbed even when confronted, as they have been recently, by freedom riders arriving by bus and by Nigerians putting up at the best hotel. But some Arkansans who think that the Aristotelian golden mean is just left-wing semantics are calling Little Rock a turncoat town that has become a hotbed of moderates and are trying, under the inspiration of a new red scare, to prove that the moderates are "comsymps," or communist sympathisers. Last week, in default of ridding Little Rock's schools of Negroes, they tried to rid them of a history textbook which dares to hint that American nineteenth-century railway tycoons were not the farmer's best friends. The chief targets of the new witch-hunt are school teachers and Presbyterian ministers who four years ago urged racial moderation and are now being attacked at "patriotic" rallies for alleged "softness towards communism."

To the rescue of the beleaguered moderates of his state has come Senator William Fulbright, whom the extremists would love to unseat. Senator Fulbright is a Rhodes scholar, a former president of the University of Arkansas and a Democrat who for three years

has been chairman of the Foreign Relations Committee of the Senate. He is a chief architect of foreign aid, which his political foes deride as "fighting communism with gift packages." They also credit him, erroneously, with responsibility for American foreign policy as a whole. At a series of meetings Senator Fulbright has been telling the people of Arkansas that the extremists, whom with cool disdain he calls "radical rightists" because he does not think that they qualify for the more dignified title of conservatives, are unfortunate people who are unwilling or unable to face reality; therefore they have taken refuge in a form of craven and infantile escapism that, he says, reminds him of German Nazis blaming everything on Jews. He adds that it is not the moderates who are too soft to bear the burden of a continuing struggle with communism, but those who prefer to sow suspicion and distrust and to create panic among their neighbours.

THE chief panic-makers are certain institutions which seem to be well endowed by large corporations interested in military contracts. From a fundamentalist college in Arkansas recently there issued a film about communism which ten million Americans are said to have seen and which characterises Britain as a country well on the way to a communist take-over from within, with Canada perhaps not far behind. These organisations equate socialism with communism and hint that a graduated income-tax is part of the international communist conspiracy. This leads only too easily not only to witch-hunting but also to the opinion, which the extremists freely express, that co-existence with Russia is impossible, total war ineluctable and the need for "total victory" imperative.

This summer in a personal memorandum to the Secretary of Defence, Senator Fulbright deprecated close contacts between extremist organisations and high-ranking military reserve officers and base commanders. For doing so he was accused by the "radical right" of "trying to soften American resistance to communism." Mr Fulbright is ready to condemn Russia as a "powerful and resourceful enemy" but he wants to reduce America's commitments to what is practical and to preserve liberty at home while extending it abroad where possible—a maxim that Burke would surely have approved.

The Senator doubts the value of racing the Russians to the moon, does not believe that it is worth sending American soldiers to fight in the jungles to save south Vietnam from communism and thinks that a successful invasion of Cuba would have been a worse calamity than was the actual failure, since it would have shattered American relations with other Latin American countries. He would like to see the United States in closer economic partnership with western Europe and he heartily approves Lord Avon's proposal of a political general staff for the West—but he does so because he believes that the countries concerned would then be sharing America's burden more fully, not adding to it. He is afraid of the United States over-extending itself. He says that "both tradition and George Washington are plainly on my side" when he insists that the armed services should stay out of politics but that he has found it difficult to counter, by his personal appearances in Arkansas, the televised onslaughts of the extremists.

Mr Fulbright may be being too gloomy or too modest. Some people in Arkansas feel that since he began his speaking tour the position of the moderates has improved. They are still being harried but the Senator's presence and his firm words have

heartened them to fight back at their denunciators. The move to exclude the allegedly "controversial" history book from Little Rock's schools failed rather ignominiously. Last week the Governor of Arkansas, Mr Orval Faubus, a diehard segregationist who has made a successful career out of extremism, publicly agreed with Senator Fulbright that "just because a person disagrees with you does not give him the right to call you an extremist." Mr Faubus disclosed that in 1954 when he stood for Governor he was falsely accused of pro-communism because nineteen years earlier he had spent ten days at a "communistic" college. In the United States even liberals seldom deny that witches exist—but it is significant that a man like Mr Faubus should concede that witch-hunts may threaten innocent persons with burning.

Mr Fulbright has represented Arkansas in the Senate, almost unopposed, since 1944 but next year Mr Faubus may run against him for the Democratic nomination which means election in that state. Or the Senator may be opposed by Mr Dale Alford, a segregationist Congressman who, because Arkansas is losing seats in the House of Representatives, will have otherwise to compete for a place with Mr Wilbur Mills, the powerful chairman of the Ways and Means Committee in the House. No one seems to think much of Mr Alford's chances if he runs against Senator Fulbright but Mr Faubus, who has been Governor of Arkansas for four terms and could probably get enough votes for an unprecedented fifth term, may feel that it is worth his while to try to take Mr Fulbright's Senate seat.

There are two snags to any such calculations that the Governor may be making. If he did unseat Mr Fulbright Mr Faubus, in spite of his new-found detestation of dirty tactics, would find that for him the Senate was an extremely lonely place, lacking not only in friendship but also in patronage, as the Kennedy Administration would almost certainly have nothing to do with him when it came to making appointments. The other snag would apply equally to any other contender for Senator Fulbright's seat: the people of Arkansas greatly value the lustre that his years of distinguished service confer on them and know that the state would lose its important position in some of the highest councils of the nation if he were to be replaced.

Therefore it is probable that Senator Fulbright will once again persuade Arkansians that he is the man for them and also that foreign aid is good for Arkansas cotton, rice and soy-beans and even that socialist-seeming free school lunches provide a useful outlet for surplus Arkansas poultry. Senator Fulbright reflects the pragmatic mood of America, which his critics do not. In Arkansas, as elsewhere in the United States, the antics of the extremists seem likely to be self-defeating, not for the first time.

Dilemma over Vietnam

GENERAL TAYLOR's views on what the United States ought to do to help Vietnam beat off communist incursions should be very welcome to the President. The contents of his report are still veiled in unaccustomed secrecy but it is taken for granted in Washington that it does not urge the despatch of American combat units—at least not at present. This is a relief when all the President's energies and resources are being concentrated on Berlin. He knows, moreover, that the Democrats cannot afford another Korea in Vietnam. President Diem himself has not asked for American forces and their arrival, it is felt, might inflict a perhaps mortal psychological blow on his government. They might also very possibly provoke the open intervention by the communist Chinese which the Russians have, so far, been able to restrain. Mr Nehru is said to have put this point of view forcibly to Mr Kennedy when he was in Washington.

But the President also recognises that his party would be

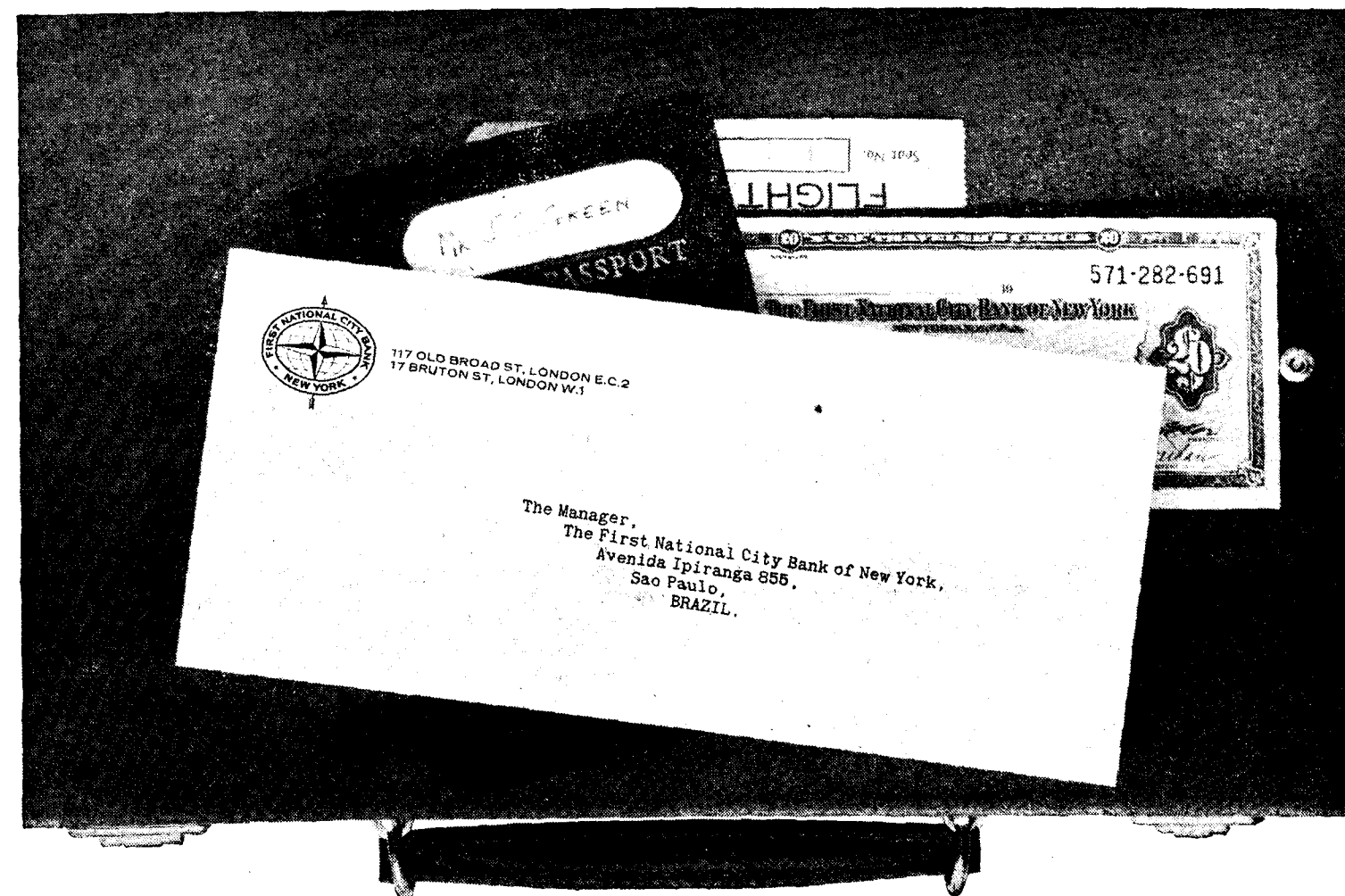
damned as appeasers by his Republican opponents if south Vietnam should be "lost" so soon after his temporising over Laos and Cuba. Luckily General Taylor appears to feel that this need not happen if the Diem government can be helped—and persuaded—to mobilise all its resources, end political bickering and improve its tactics. The number of American military instructors in south Vietnam is already being raised from about 400 earlier this year to about a thousand and helicopters, reconnaissance jets, light bombers and road and river transport are now arriving in Saigon to improve communications and give the government's forces some of the mobility which is one of their enemies' chief advantages. None of these steps has anything to do with General Taylor's mission; they simply fulfil the promises made by the President last spring.

The first result of General Taylor's visit is expected to be help on a large scale to combat the famine that, it is feared, will follow the floods in the valley of the Mekong River. The Seventh Fleet may bring in food and other civilian supplies while American engineers repair roads and bridges. This is a task in which the United States will, no doubt, welcome the participation of other countries, particularly Asian ones; it is also a humanitarian act which will be positively helpful to the reputation of the United States in Asia, whereas military intervention could only tarnish its name and unite its critics. Moreover, a famine might well be the quickest way of bringing down President's Diem's government and putting into power politicians willing to negotiate with the communists.

All's Well at Home

THIS week's announcement of the sharp increase during the third quarter in the deficit on America's balance of international payments had been prepared for in advance by Treasury officials; they have tried their best on their regular visits abroad to explain to foreign bankers what they are doing both to improve the immediate situation and to remedy the long-term difficulty. In their efforts to convince these bankers that the United States is not heading for inflation they are helped by the fact that the latest announcement comes at a time when the government's receipts and expenditures are roughly in balance and will continue to be so in effect until the fiscal year ends on June 30th, in spite of the deficit of about \$7 billion on the year as a whole. The fact that the current Budget is in balance means that even if the economic recovery goes full speed ahead interest rates can remain low with safety as far as the domestic economy is concerned—although such rates are not so safe when the balance of payments is considered. Indeed one reason why last week the Treasury sold a special "strip" of \$800 million short-term bills, with maturities ranging from 22 to 71 days, was to increase the supply of these bills and to prevent their prices from going up and their yield from going down. A fall in short-term interest rates encourages funds to flow to Europe, where yields are higher and has an adverse effect on the balance of payments.

But the main purpose of this special issue was to provide cash for paying off those holders of about \$7 billion of Treasury bonds maturing this week who did not want to take advantage of any of the exchanges which were offered. In fact these exchanges were so attractive that only 7.5 per cent of the holders, instead of the usual 10 per cent, took cash, amounting to \$515 million, so that the Treasury is left with a comfortable balance in hand. Holders had a choice of three exchanges: into a 3-month note at 3½ per cent; a 4½-year bond at 3¾ per cent; or a 13-year bond at 3¾ per cent. Over 40 per cent of the holders chose the longer-term issues and this brought a welcome lengthening in the maturity of the national debt. This result was particularly satisfactory since practically all the holders were private individuals. With no new cash needed before next July at the earliest the Treasury now feels



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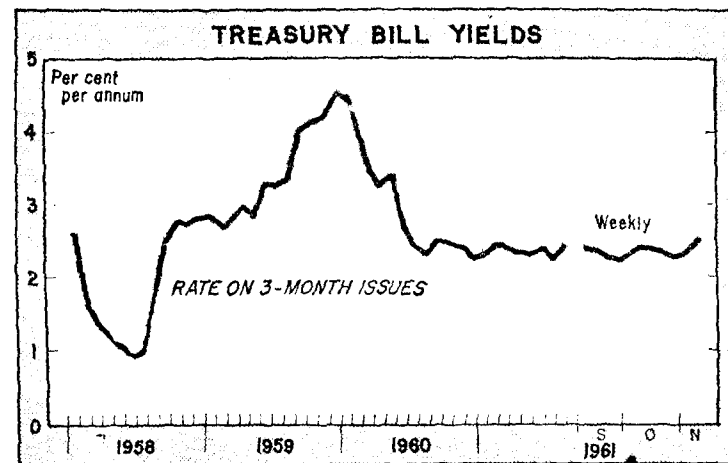
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that it is in a strong enough position to undertake another debt-lengthening operation before long, to stretch out still further the frequencies with which government securities fall due, an operation which eases the difficult task of handling the national debt. The way in which this debt is managed is now helping, along with monetary policy in general, to stabilise the economy and thus to avoid any tightening of credit, for the present at least.

No Future for Reform?

FROM A CORRESPONDENT RECENTLY IN PHILADELPHIA

MR RICHARDSON DILWORTH, the Democratic Mayor of Philadelphia, is running for Governor of Pennsylvania, to succeed Mr David Lawrence, who cannot succeed himself and whose term expires at the end of next year. Mr Dilworth's candidacy will not be official for some time because once it is he has to give up the mayoralty. He will have to do that in any case at the end of 1963 since the law allows only two four-year terms; this is one reason why Mr Dilworth is determined that his desire to run for Governor shall not be frustrated in 1962 as it was on earlier occasions. Evidently he hopes that, by making it clear that he intends to fight for the Democratic nomination even if he is opposed, he will choke off opposition, that the Democratic organisation will be prepared to accept him rather than have the party divided by a bitter dispute for the nomination just before what will be a hard struggle against the Republicans for the Governorship itself.

If Mr Dilworth is the candidate it will mean that the Democratic ticket is headed by two Philadelphians—a geographic coincidence which is politically undesirable—for Senator Clark is up for re-election next year. It will also mean that it is headed by the two leaders of the reform movement which brought the Democrats to power in Philadelphia in 1952 after nearly seventy years of increasingly corrupt and incompetent Republican control of the city. But since then the Democrats in Philadelphia have built up their own machine, headed by Representative Green, one of the city's members of Congress; it is modern and efficient but not above relying for its funds and influence on the time-honoured system of patronage and favouritism which the reformers threw out of City Hall. They have tried to hold aloof from Mr Green except when they have crossed swords with him. But lately, particularly in this autumn's election campaign, Mr Dilworth has been compromising with, and even supporting, Mr Green, partly to further Philadelphia's great rebuilding programme, one of the major achievements of the reform movement, partly perhaps to protect his own gubernatorial ambitions. Mr Dilworth is especially criticised by the Republicans for not taking seriously enough a resurgence of corruption which was discovered in the city government earlier this year.

Last week's election showed that many Philadelphians are reacting against what looks like the familiar cycle—a waning reform movement followed by a return to bossism—by voting Republican. The Democratic incumbents held the two city offices which were at stake but their majorities were far smaller than had been expected while the total vote was larger. The City Controller, who had revealed the malfeasance in the letting of contracts, did better than the District Attorney, who is more closely connected with the machine. In the only state-wide election, for a Judge of the Pennsylvania supreme court, the Democratic candidate was defeated because her majority of 80,000 in Philadelphia was only half what had been promised by Mr Green—and sensationally less than that he delivered to President Kennedy last year. Admittedly there were special factors in this election; for one thing the candidate was a woman. But, on top of this, resentment against Mr Green's plan for bringing outlying suburbs into Philadelphia's congressional districts, so that the city will not lose by the current reapportionment of the state's seats in the United States Congress, seems to explain why the Republicans did so well in those suburbs last week, even if it does not explain their success in mayoral elections in other parts of the state. As a result Mr Green's prestige has been undermined considerably, as have Mr Dilworth's chances of being the next Governor of Pennsylvania.

Nevertheless the reformers came out of this near-disaster better than did the machine for their only stake on the ballot, a group of bond issues to finance various improvements in the city which are essential to its redevelopment, were all endorsed by the voters, showing that Philadelphians still want the progress which is associated with the name of Mayor Dilworth. For them the question now is whether that progress can be maintained by whoever follows him, whether a man of the right quality is available and is allowed to succeed him by Mr Green. For Mr Dilworth the question is whether he will be able to put at the service of the state the imaginative drive and administrative ability which has served the city so well.

Hosts to Africa

A TWO-DAY meeting, sponsored by the State Department and blessed by the President, on "improving the experience of foreign students in the United States," which took place at the end of last month, has thrown a spotlight on a problem that has increasingly exercised thoughtful people. America welcomes more students from abroad to its colleges than any other country—a wise long-term investment—and the number is still rising. The 53,000 who came last year were more numerous by 10 per cent than those of the year before. Some come on grants from private organisations but the majority make their own arrangements and have to rely on their own resources. Fewer than a quarter come under the government programmes which were co-ordinated and improved when the new Fulbright-Hays Act was passed earlier this year. The number of Africans among these students (2,831) is double what it was last year, but still only 5 per cent of the total. Nevertheless they pose the greatest problems, which must be dealt with if they are not to return home disillusioned (some of course want to stay).

One of these problems is already familiar to African diplomats in the United States. Because of racial discrimination, it is often difficult for Negroes to secure decent accommodation or part-time employment. But all who have commented on the question recently single out, above all, the enormous difficulties many students encounter when trying to pay for their college courses. Too many of them come on grants which do not even cover tuition fees. Far too many come with a quite inadequate command of English. Lesser but common difficulties are produced by the general ignorance, among Africans, of what America is like; and by enrolments

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Seventeen grandchildren and nine great-grandchildren are very happy today. It's Grannie's ninetieth birthday and the big party's in her honour. Fit and well, she'll take her tributes from her family like the fine old lady she is.

A month ago Grannie recovered from bronchitis after only a few days in hospital. Grannie remembers her youth, when the average span of life was limited to 42 years; she's had a double ration of life and she knows how lucky she is. Chronic bronchitis is a major problem in this country. Lord Cohen, Professor of Medicine at Liverpool University, recently told the conference of the National Society for Clean Air that chronic bronchitis is known abroad as the "English disease", and that the death rate for men, in England and Wales, is about 50 times higher than in Denmark and 20 times higher than in Norway and Sweden. Over the past 10 years Government statistics show that this English disease has claimed 339,000 Britons and even last year 31 million working days were lost, with a consequent total output drop of £94 million.

Once there was little doctors could do about bronchitis. But modern methods and modern drugs are bringing new hope; not long ago Grannie's stay in hospital would have lasted longer. Life-saving, health-giving drugs, such as Cyanamid tetracyclines developed by the company's Lederle Laboratories Division, are the result of patient, painstaking research and development work. Yet, of the thousands of compounds screened every year, only a precious few reach the dispensary. Research and development are costly but essential for our welfare. Last year Cyanamid's research appropriation passed £10 million.

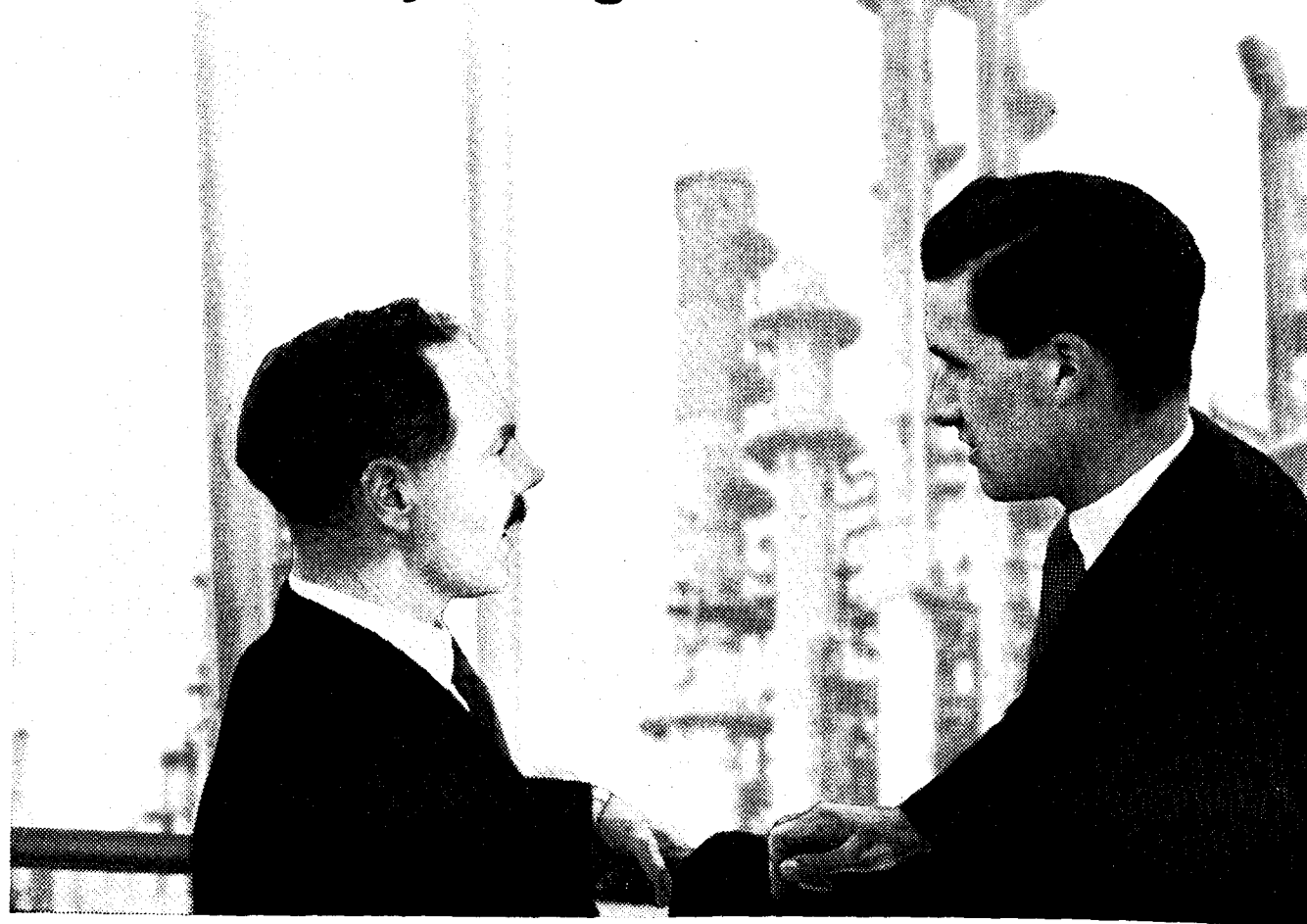
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TA-CI

in colleges which do not have facilities for the particular subjects which interest the students involved.

Since last summer, when the miserable plight of some Africans became known, the State Department has been taking more interest in the foreign students for whom the government is not directly responsible. In June it set up an advisory council and at the meeting last month it asked the organisations which were represented for recommendations for joint action; what seems essential is some sort of a clearing-house for African students and better methods of screening and preparing them before they come to America. But there is an immediate problem as well. The official estimate of the amount needed to relieve existing distress is at least \$500,000. The State Department has already given all that it feels it can reasonably withdraw from other programmes and feels that the money can—and should—be raised from private sources. Some observers think, however, that only a rush rescue job by the government can prevent a damaging set-back to Afro-American relations.

How Much Faster in the Air?

FROM A SPECIAL CORRESPONDENT

PROPOSALS to build a commercial aircraft that will fly faster than sound have at last been accepted. Before an idea, no matter how vital it may be, can break out of its cocoon in Washington and be transformed into a full-blown project, it must acquire first a set of identifying initials and, second, the unqualified bless-

ing of Congress. Development of a supersonic transport has now achieved this status: it has been officially dubbed the "SST Project" and Congress has given it the ultimate accolade, an appropriation—in this case \$11 million. This starting sum is very small in relation to the \$500 million and more that will be needed before the first production model of the SST is flying, but the important thing is that Congress knows this and, even so, has given the green light. Next spring Congress will be asked for another \$25 million to \$35 million to carry the SST project forward; and so it will go ahead, picking up both money and momentum until SSTs are flying sometime in the early nineteen-seventies.

What caused Congress to take this first step down such a long and expensive road? Mainly the spur of competition—the fear that the Russians would be the first to put on the market an aircraft that all the world's long-haul airlines, including those of the United States, would have to buy if they did not want to be left behind. British and French efforts to develop a SST are not considered cause for concern since both countries apparently favour development only of a supersonic transport that will double the speed of their present transport aircraft, such as the Comet and the Caravelle. There are strong arguments for such restraint. An aircraft whose maximum speed is twice that of sound ("Mach 2" is the engineering term for this) could be built with present fabricating techniques, using already known and tested materials, and could employ advanced versions of jet engines now in the air. This would be a reasonable step forward in the march of industrial progress but the American decision is to leap beyond it. There is good reason to believe that the Russians have made the same decision.

More White Collars

DURING the nineteen-fifties Americans discovered a new phenomenon in their midst. This was the "white-collar worker," a pallid, slightly stooped, paunchy individual who disappeared into a mammoth office building on the dot of 9 each morning. He was next seen at 5 in the evening, plodding with furrowed brow to bus, subway or the 5.32 train to the suburbs. The appearance of this phenomenon, often described as a "status-seeking tool of the business machine," aroused widespread interest and concern.

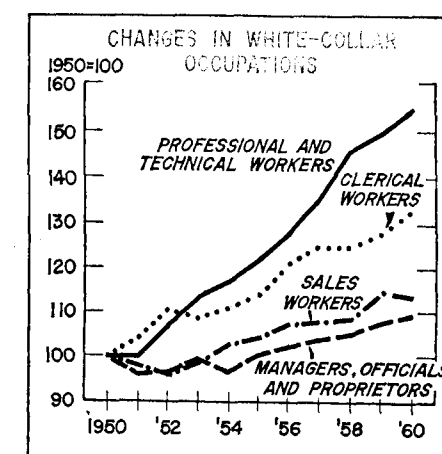
Meanwhile the white-collar worker himself—or herself—quite unperturbed, went on his or her way. A study published earlier this year by the Department

of Labour* points out that about half the working Americans not employed on farms are now members of the white-collar force. Its ranks bulged sharply during the past decade, registering an increase of 27 per cent; in contrast, blue-collar workers, those who perform mostly manual tasks, showed an increase of only 4 per cent, or 1 million. By 1970 there are expected to be 37 million white-collar workers.

These workers follow a diversity of occupations; the category includes business executives, shop girls, insurance salesmen, typists, government employees and nuclear scientists. They all have three major things in common, however. All work in offices, not factories; all perform mental rather than physical tasks; and all have had varying degrees of formal education, to the extent required by their particular jobs.

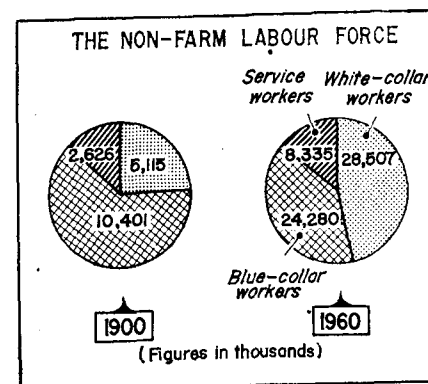
During the first half of the century the number of clerical workers increased at a rapid rate and by 1950 one out of every three white-collar workers was performing clerical duties. This rise was due partially to the great volume of record keeping which developed in all phases of industrial activity, but also to the expansion of industries such as banking, insurance, and government where record keeping is stressed. Between 1950 and 1960, with computers, duplicating machines and so on taking over many of the clerical jobs, professional and technical workers gained most sharply in numbers, with the increase

* Monthly Labour Review, January, February, March, 1961.



resulting in large part from the added scientific demands of the electronic and space age, and from the speedy development of some professional and technical occupations unheard of in 1900, such as psychiatric social work and aeronautical engineering.

The white-collar worker has been able to hold his job through periods of recession with relative ease. Women, especially those over 45, are taking an ever increasing share in the group. The top median income for the group, that for professional men, was over \$7,000 a year and the median period of education is 12 years with requirements stiffening. Negroes are barely represented in the white-collar ranks—registering 3.7 per cent of its total—but their numbers have been increasing slowly.



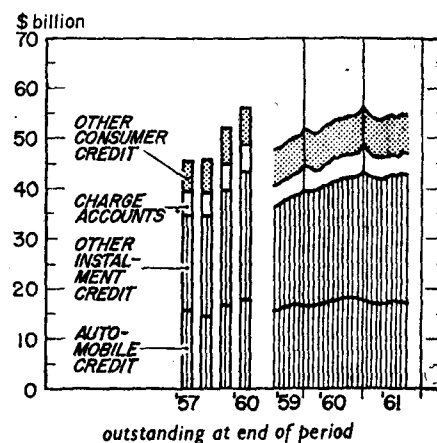
All American efforts are now to be concentrated on building a transport aircraft capable of flying at Mach 3 speeds and more. This will cost not only some \$500 million, but will also mean five extra years of work. It involves a calculated risk, that of abandoning the market for intermediate supersonic transports to Britain and France, and perhaps to the Soviet Union. But, if the project succeeds, it will put the United States in the lead in development and production of the ultimate in supersonic transport: a Mach 3 aircraft which, with modifications and improvements, can be evolved into a Mach 5 transport, or even ultimately into a Mach 10 transport. Beyond Mach 10, nothing can be said: a barrier of silence has been lowered firmly on speculation of this kind by security officers.

The Mach 1 barrier is no longer a problem. Even some of the subsonic jets, such as the Douglas DC-8, have penetrated the sound barrier in steep dives and suffered no ill effect. The Mach 3 barrier is the heat barrier, at which skin friction—the air flowing over the metal surfaces—raises the temperature to intolerable heights. In the B-58 bomber (seen at the recent Paris Air Show) the United States already has a Mach 2 aircraft built of conventional materials and using a jet engine of advanced design. But the United States has no jet aircraft or air breathing turbine engine capable of flying at Mach 3 or faster; the X-15 aircraft is rocket propelled. Therefore the Air Force is keenly interested in the development of the Mach 3 SST and the Defence Department is co-operating fully in the new programme, even to the extent of acting as contracting officer for all funds to be spent on it. Engine development is what interests the Air Force most. The final design of the engines for the Mach 3 SST will determine most of its basic characteristics: payload, landing speed, efficiency, noise levels and even fares.

It seems likely that at least a "flying test bed" model of the long-disputed Mach 3 B-70 bomber will be built. This should help to supply some of the answers to the many questions of design raised by the SST. In a way, the B-70 has already been of help, for the debate over this project has conditioned Congress to the high probable cost of the SST. At the same time, the reasons which led to the decision to go ahead with a Mach 3 SST have caused repeated delays in the B-70 programme. A Mach 3 commercial transport represents a giant step forward and one which will break the trail for a Mach 5 transport, or whatever the optimum economic speed of a commercial transport is determined to be. A Mach 3 bomber, on the other hand, is only a small step forward from the Mach 2 B-58. What the Air Force is seeking is a comparable step forward in the speed of military aircraft. The X-15, now pressing Mach 6 in its test runs, is already an obsolete machine in the eyes of military planners. If it were not for congressional pressure, inspired in part by the

CONSUMER CREDIT

Consumer credit in September continued to reflect the lag in consumer buying. Americans paid off more automobile debt than they incurred. The fall in this category—attributed to the lack of new cars caused by the strike at General Motors and to a slight decline in the proportion of cars bought on credit—was more than enough to offset increases in most other forms of consumer credit.



depressed state of the airframe industry, the B-70 would be allowed to fade away like an old vapour trail.

As it is, at least one B-70 is certain to be built; similarly, a Mach 1.5 or even a Mach 2 test model SST will be flown. But neither of these aircraft will be prototypes, in the sense that production models will follow; they will not, in short, be "fathers" of the Mach 3 SST. The relationship will be more on the order of "kissing cousins"—the experience gained will be valuable for later and more serious efforts. If all goes well, these should culminate, sometime in the nineteen-seventies, in commercial services between New York and London in one hour (Mach 3-5) and between New York and Moonbase Alpha in one day (speed Mach 10, plus hush-hush).

Metals Ask for More

FOR several years the in-trays of Congressmen have received a steady flow of proposals for bringing aid to domestic producers of lead and zinc who, everyone agrees, are in a bad way. Market prices for these commodities have fallen steadily, imports have been rising again, in spite of the quotas and tariffs, and employment in the mines has dropped from 25,000 in 1952 to 9,000 now. What the operators want most is a substantial increase in import duties—to twice or three times their present levels.

Although mindful of their plight—and of the pressures exerted by their representatives in Congress—successive Administrations have balked at actions that would antagonise America's trading partners, particularly Mexico and Canada. As an alternative remedy, Mr Kennedy proposed recently a scheme to acquire more of these metals for the already bulging government stockpile. But producers replied that they were in no mood for temporary palliatives and pointed to the failure of a similar programme adopted by Mr Eisenhower when he was in the White House. Last month Mr Kennedy agreed, somewhat reluctantly, to a scheme of subsidies restricted to small producers which would give them an estimated \$16.5 million over four years. This measure represents a compromise between what the majority of Congressmen wanted and what the Administration was willing to concede and is a less generous version of a Bill that Mr Eisenhower vetoed in 1960. Small producers will be paid part of the amount by which the market price of either metal falls short of 14½ cents a pound (75 per cent for lead and 55 per cent for zinc); present prices are 10 cents and 11½ cents respectively. But the Administration successfully avoided the introduction of a permanent system of subsidies by reducing the tonnage on which subsidies will be paid to individual producers in each of the four years. The scheme falls a long way short of satisfying mineowners or miners and Bills to bring them protection from imports are certain to come before Congress at the next session just, it seems, as the Administration will be asking for broad new powers to slash tariffs.

SHORTER NOTE

A small but notable achievement of the "people to people" movement is the melting of the ice which for nine years has separated two ex-Presidents—Mr Truman and Mr Eisenhower. Last week they met in Kansas City for the rededication of the city's Liberty Memorial "to the people of the world as a symbol of international understanding." To the amazement of everyone Mr Eisenhower drove first to the Truman Library in nearby Independence, where he was warmly welcomed by his predecessor. The two had not met, except formally, since November, 1952, just after the election campaign in which Mr Eisenhower was deeply affronted by some of Mr Truman's charges.

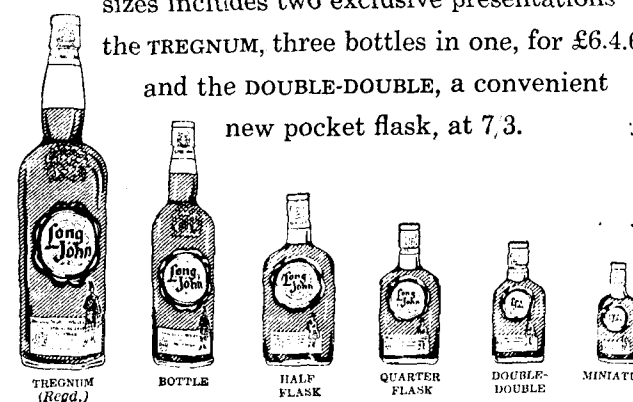
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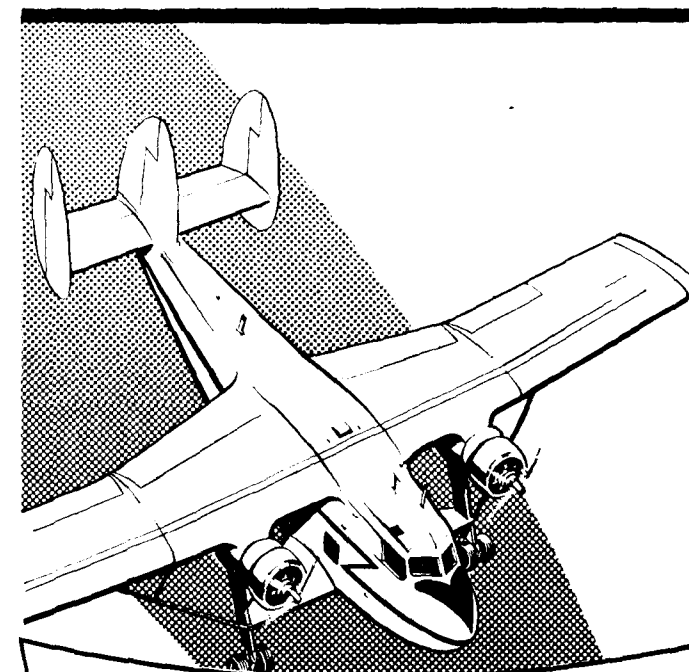
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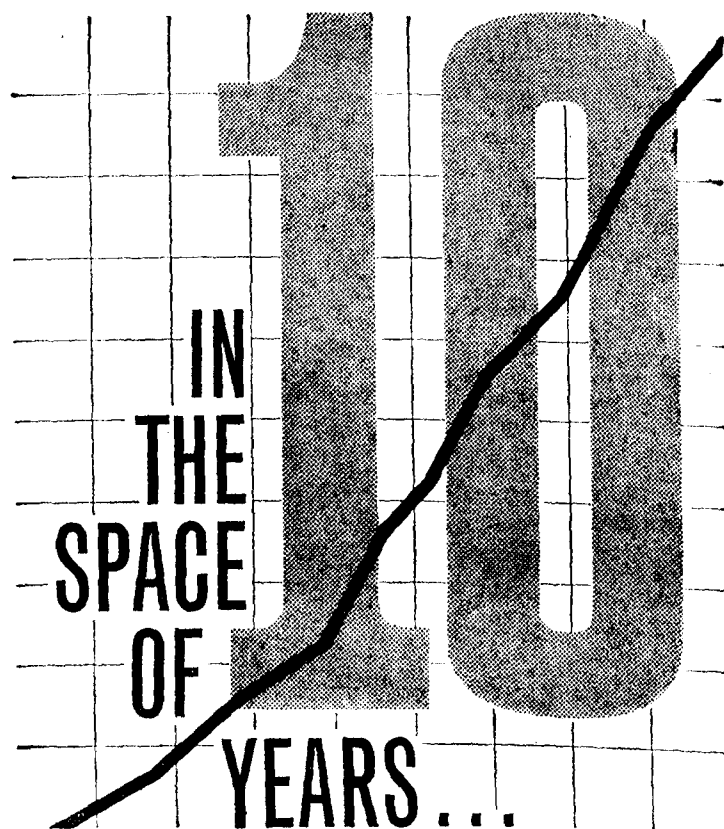
- what precise steps are being taken by the Government to check the boom?
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THE BUSINESS WORLD

Currency and Eastern Oil

HAVE relations between oil companies and the Government of India turned down a Cuban road? This was the anxiety inevitably raised by reports from Delhi this week which suggested that in refusing to accept a set of discounts on petroleum prices urged upon them by the government, the major oil companies were threatening to cut off oil supplies to India—which at present has little oil but what they supply. Those reports, at the time they were printed, were exaggerated: the deadlock is not yet nearly as dangerous as that. But it could become so if either side were to insist on treating this argument over oil prices as indivisible.

One motive, certainly, over-rides all others in the Indian government's determination to reduce the import cost of petroleum products as well as crude oil—the need, clear and understandable, to reduce outgoings of foreign currency. That same determination, last year, won reluctant acceptance from the major companies operating in India of discounts on the prices of crude invoiced to their refining affiliates in India; this was indeed the first open "discounting to affiliates" of the present period of oil surplus, and played some part in breaking the posted prices of crude in the Persian Gulf in August 1960. The discounts given these Indian refineries then, after taking account of the posted price changes in August and September 1960 in the Middle East, now amount to about 8 per cent of the landed prices that would arise from full posted prices in the Gulf plus insurance and freights. Foreign exchange outgoings on crude, therefore, have already been cut to that extent.

One lever that helped India secure those discounts on crude was the example of another Eastern consumer determined to eke out foreign exchange, Japan. As well as the largest consumer of oil in the East, with one of the most rapid rates of increase in consumption in the world, Japan has of late become, through a mixture of commercial bargaining and government pressure, one of the toughest crude oil buyers in the world—and makes this plain for all to see. The assortment of refiners who import crude oil into Japan—some partly foreign-owned, but only one with less than 50 per cent of Japanese participation—get six-monthly allocations of convertible foreign exchange to do so from MITI, the country's Ministry of International Trade and Industry. The amount each refiner gets is set by a formula based partly on the sum he was allowed to spend previously and partly on the volume of oil he got for this, fob from his supplier: freight rates and hence cif prices do not come into the formula. The cheaper a Japanese importer gets his crude oil per barrel in the Gulf,

the larger his foreign exchange allocation next time. And MITI adds a twist unusual in deals at a discount: it officially publishes the discounted prices that Japanese buyers secure.

In summer 1960, these published figures showed Japanese buyers were getting about 15 cents a barrel off heavy Middle East crudes priced then at \$1.67 a barrel, and just on 30 cents off light crudes priced at \$1.86. These discounts were not and are not the largest discounts any buyer gets. But the fact that they are published as regularly available to large-scale buyers there has made the "MITI reports" into a kind of shadow schedule of free market prices for Middle East crude, well below the official posted prices on which the major companies pay royalties and tax to host governments there and at which the majors mostly transfer Middle East crudes to their refining affiliates around the world. Although the argument that it could secure cheap oil from Russia was partly responsible for securing India discounts on its crude imports in summer 1960, citing the discounts that major companies were regularly giving Japanese buyers must have helped too.

WHEN they agreed to allow these discounts on crude imports to their Indian refineries, certain of the major companies concerned, such as Burmah-Shell, agreed that the saving on crude costs would not simply be retained to widen their refining margins; but neither would it go to the Indian consumer. The Indian government felt that an annual increase of some 5-10 per cent in consumption of this imported commodity was quite enough without price reductions to accelerate it; the government therefore proposed to mop up the saving itself by some form of tax. But it left the details unsettled, pending the report of a committee that it had already appointed in August 1960, to report on the internal pricing of crude oil and products. On September 27th this year representatives of the refining and marketing companies were summoned to the Ministry of Steel, Mines and Fuel and presented with one copy each of the 170-page report of this committee. Its recommendations, they were crisply informed, would come into effect from October 1st.

This committee, headed by Mr K. R. Damle, of India's Ministry of Food and Agriculture, covered the whole range of oil pricing within the country, assembling a mass of economic and financial data from the companies operating there. Its many recommendations go into considerable detail regarding marketing and distribution, and include special price formulae for the main refined products. But the key one recommends that after calculating "import parity" formulae

for these products, further discounts should be made on these parity prices, at the following rates:

- 10 per cent discount on kerosene, aviation turbine fuel and high speed diesel oil.
- 9.3 per cent discount on light diesel oil.
- 5 per cent discount on motor spirit.
- 3 per cent discount on furnace oil.

The committee recommended that these discounts should be passed on to the consumer by setting new ceiling prices for products. The Indian government, however, has decided to take the saving up in special duties imposed from October 1st, leaving product prices to the consumer where they are.

So far as this scale of discounts, or rather extra excise duties, concern the 6 million tons a year of products refined in India, their effect is simply to pass on to the government roughly the equivalent in rupees of the discounts already agreed on crude. At a meeting last week representatives of the major companies appear to have accepted this, though pointing out that the discounts actually proposed were oddly figured as between products. They also accepted various adjustments and restrictions proposed in the report on marketing charges; these were complex but not onerous. In money, these changes, including reductions in the prices of lubricants and special products, would cost the companies £7 million a year, much more than the discounts on bulk refined products detailed above. However, the committee reckoned that the companies in India should be allowed a 12 per cent return on capital employed, which is far more than the larger ones have recently been earning.

The committee and the government, however, proposed also to apply these discounts-cum-duties to petroleum products imported as such—currently about 1.6 million tons a year. This would save about another £1.53 million in foreign exchange—and transfer a like sum from the pockets of the importing companies to the government—over and above the £2.9 million a year already saved in respect of oil imported as crude. But what may be more important is that it would also establish openly published discounts on refined products traded in the world market east of Suez—where in fact, at present, prices of products other than fuel oil and motor spirit appear remarkably firm. And this is the point where the companies jibbed: they told the government they were not prepared to bring in products at these discounted landed prices.

The Damle committee had commented, quite logically on the face of it,

as discounts are admittedly available on crude oil there is every reason to believe that discounts should also be available on refined products.

But refined product prices depend upon access to markets. The market east of Suez depends upon local and export refineries owned by the major companies, and is geographically fairly remote from independent refiners anywhere who can secure cheap crude and are prepared to export cheap products processed from it. Independent Japanese refiners get crude cheap, certainly—and are now trying to get it even cheaper—but their own booming and diverse market leaves them little in the way of excess products to export. Nor are they very significant buyers of products to balance their demand, though they get some fuel oil across the Pacific and may occasionally get distress cargoes of products cheaply. The Eastern market for products, therefore, is comparatively insulated from price competition. Even apart from the present degree of control of its refining capacity by the major companies, its main

demand is for middle distillates. (India, for example, is the largest burner of kerosene in the world.) And everywhere, even in bitterly competitive markets for products such as most of Europe, it has recently been middle distillates that have been tighter in supply, and discounted the least. The scale of discounts proposed by the Damle committee may suit the pattern of Indian imports; but it is right out of line with the pattern of discounts available in markets where product prices actually are soft.

In Europe, indeed, Russian suppliers have recently been reported as telling their customers that no further middle distillates will be available during the balance of 1961, and that prices of all Russian products will be somewhat higher during 1962. This does not mean that Russian prices will then come up to those listed in world markets, or that India cannot get Russian oil. The state-owned Indian Oil Company is already importing Russian diesel oil, kerosene and turbine fuel at discounts said to be of the order of 15-20 per cent under major company prices, under a four-year contract signed in 1960, and it might be able to get more at sizeable discounts. It has limited storage and distribution facilities, but is building them up. Moreover, Russia is accepting payment in rupees.

THE government of India is perfectly entitled to minimise foreign exchange payments on oil, and set its internal taxes as it wishes. Quite obviously, from Japanese example and its own experience, the practical way to do this is to secure adequate local refining capacity and the power to make its local refiners bargain hard in a soft market for crude—either by having some refiners independent of crude suppliers, or by fiat. (None of the Indian government's own refineries is completed yet; and only one of the three planned, in Gujerat, may eventually be suitably located to process some imported as well as indigenous crude.) However, there is considerable spare capacity in the companies' Indian refineries. Since the companies are prepared to accept the new duty on products refined there, the government may find it economical in foreign exchange to let them increase crude throughput and reduce their direct imports of products accordingly. Beyond this, the government can arrange for imports of cheap products to the extent that it can obtain and handle them. The established marketers, also, are entitled to maintain product prices in any area that price-cutting competitors cannot reach; and they might well be unwise to break these prices across a whole area for the sake of direct product sales into one country alone. Over time, as the state refineries begin supplying products from indigenous Indian crude, and to the extent that the state import company goes on getting more imported products cheaper, these direct imports by the majors might in any case be expected to diminish.

The only danger here is that the government might decide to compel the companies to handle cut-price imports through their facilities in substitution for their own imports; or that certain companies, to back up a refusal to supply India with products for which they can get higher prices elsewhere, might talk of stopping crude supplies to the refineries too. The British consumer, who also on occasion sighs for the kind of oil prices that refineries bargaining at arm's length might get him, may well have mixed sympathies here. But the important thing is that this argument should remain limited to the real area in dispute.

Image of a Society

THIS title is taken from a novel concerned with the imaginary affairs of the "Saddleford Building Society." In it, the author, Mr Roy Fuller, poet and resident solicitor of the Woolwich Equitable, deliberately plays on the word "society":

Many... have ceased to visualise the aims of the society, being unable to see beyond their own function as part of its complicated machinery. But one or two... though dedicating their whole lives to the service of the society have in fact come to disbelieve in its proposed aims; these beneath the veneer of their skill and devotion, are neurotic, unstable and unhappy, but fortunately they do not constitute any serious threat to the continuance of the society.

This could be as true of an industrial organisation as of a building society. But the first sentence is more likely to be true of a building society than the second, for the danger to a movement that is as conscious of social obligation as of economic necessity comes not so much from disenchantment with its ideals as from complacency and from the acceptance of routine as an end in itself.

The job confronting the chief executives of any building society lacks variety and in detail is largely governed by well-established precedents. The tasks of borrowing money from the public and lending it out on mortgage give rise to little in the way of new challenge to the executive power of making a decision. The stimulus that a new product, a new technique or a new market can present to an industrial company is lacking. The bustle and thrust of competition as it is understood by a commercial profit-making organisation is absent; the desire to expand is generated more from within the executives' own minds, where matters of personal prestige intrude, than from pressures from the outside. As managers of quasi-mutual funds, where the first criterion is absolute financial probity and the second to make only such a profit as will preserve the existence of the society indefinitely, they do not even have any ultimate yardstick of profitability against which to measure their achievements. Societies do indeed compare the rate of growth in their total funds, but this does not provide anything like the same stimulus.

This state of affairs has produced some diverse results. Two of the handful of dominant personalities within the movement—Sir Bruce Wycherley of the Abbey National and Mr Alexander Meikle of the Woolwich Equitable—have remained active within it. But, Mr Algernon Denham, whose recent death has been mourned by so many in the building society world—not excluding those whom he criticised so freely—always sought (though not with complete success) to remain at some distance from the day-to-day management of the Halifax. And Mr Herbert Ashworth, though remaining a director of the Co-operative Permanent, has gone into property development. Another result is that the movement as a whole does not readily contemplate change and mars much of its forward thinking by backward glances over its shoulder. Even today, when the movement's obvious task is to concentrate on getting the savings in, its executives will hark back to the 1930s when the problem was to get mortgages out. New ideas establish themselves only slowly, not being forged by necessity but moulded gradually by the pressure of circumstances. The further, moreover, one moves from the "multiple" image of

the big, national societies towards the "independent shop-keeper" image of the small, local societies, the greater is the opposition towards change.

Put baldly, the choice which confronts the societies is whether to lend out what they happen to have in the kitty or to foster the spread of home ownership more positively. The first alternative puts emphasis on the technical minutiae of administration and mortgage lending, the second on the need to stimulate savings. Broadly, the big national societies have plumped for expansion whereas the small, local societies, proud of their financial rectitude, have been content to stand pat. But even the big societies are inhibited in their policies, for they are acutely aware of how hot a political issue anything that touches on housing can be and of how much odium greets a rise in mortgage rates.

THROUGHOUT the movement, there is a tendency to look back at the events of the last decade and to point with pride to the growth in funds that has taken place in the face of sharp changes in interest rates (which have been reflected in the fluctuations of the inflow of new savings to the societies) and of a rise in tax (which has squeezed the societies' margins). But much of this growth is due to the efforts of the big, national societies. Moreover, the rise in savings through the medium of the building societies has been less than the growth in personal savings as a whole; and mortgage business which by normal building society canons ought to be perfectly acceptable has increasingly been turned away because of lack of money to finance it. The building societies may therefore be criticised for not doing enough to satisfy their own professed aims of financing owner-occupied houses on economic terms. Even more worrying is the apparent lack of urgency with which the societies contemplate the further growth of demand for mortgages in the next decade. To live up to their own ideals, they must think harder about attracting more savings.

Primarily, but not wholly, the answer must lie in their attitude towards interest rates. Only with the greatest reluctance have the societies raised their investment rates up to economically competitive levels. Not until the middle of this year was the recommended rate on shares raised to 3½ per cent, net, and on mortgages to 6½ per cent. Soon afterwards the little budget put the building societies' share rate out of line, and, as the table shows, the net inflow fell. Following the reductions in Bank rate and the clearing banks' deposit rate, the net inflow has picked up a little; but clearly the current rates are maintaining only a low level of new investment.

Yet any likelihood that the building societies will take a

Quarters	Building Societies Association* (£ million) 1961			Halifax (£ million) 1961		
	I	II	III	I	II	III
Gross receipts	122.2	120.5	120.4	31.4	31.2	28.7
Gross withdrawals . .	84.3	85.6	94.0	21.1	24.8	22.4
Net receipts	37.9	34.9	26.4	10.3	6.4	6.3
Advances	95.1	110.4	111.8	21.4	25.8	23.3
Repayments	84.4	93.8	101.5	17.2	19.2	19.7
Liquid assets	361.1	366.3	389.7	75.6	75.4	77.0
Total assets	2,483.1	2,537.0	2,602.8	502.1	515.1	527.0
Liquidity ratio	14.6%	14.4%	15.0%	15.0%	14.6%	14.6%

*Covering about 77 per cent of the movement's total assets.

determined stride into the future by raising their rates, say, to 4 per cent, net, on shares and to 7 per cent on mortgages seems more remote than ever. It would be something, at any rate, if the building societies sternly resisted any pressure to bring their present rates down. There are signs that they may, for members of the movement are beginning to talk openly about "stability" in the rates. To satisfy a bigger slice of the demand for mortgages than they have hitherto done, the societies must not be afraid of high interest rates; if that should mean putting them up again, they should do so promptly. Not that the flow of savings into the building societies is governed solely by comparative rates of interest—the money they prefer to have, and often secure, is that deposited for a fair length of time by the middle-aged, middle class investor. But even he would probably be pretty responsive to efforts to promote fixed term deposits. What the societies can offer such investors is security; and this, with attractive terms, is their big selling point. The new building societies Act, together with trustee status, has given them a new opportunity for salesmanship.

Whether they should look much beyond the range of this class of investor is more debatable. Appeals to teen-agers, who do not save much in any case, may not produce much response; but appeals which link thrift with the buying of a house through a building society mortgage deserve more attention than the societies currently bestow upon them. More societies, too, might also consider following the example of some northern societies in drawing attention to their banking image, with the emphasis on the ease with which deposits and withdrawals can be made. The pass-book system is now common within the movement; but, if the societies are to tap new sources of savings, they will have to prepare themselves administratively for a more rapid turnover of individual funds invested with them.

Whichever method or combination of methods they use, the building societies in the 1960s must create a savings image in the mind of the public if they are to satisfy the aims they have

set themselves. It is still too common for a building society to be thought of as an institution from which money is borrowed rather than one where money can be invested. The name "building society" itself stands in the way. It is now, perhaps, too late to change it to the more appropriate one of "savings and loan association" employed in the United States; but in some way the words "savings" or "investment" have to be firmly associated with the title "building society." The route by which the demand for mortgages reaches a particular society is well-established in its links with estate agencies up and down the country and the societies are well aware that the opening of a branch office in a new area, while it does not add very much to the mortgage demand, does often tap new sources of savings. In the past, it has been the big, national societies that have been most active in opening new branches. But it is an expensive business, which reduces the amount available for reserve appropriation. Hence the societies wishing to expand have a practical case—as opposed to an argument in principle—when they press for some concession on profits tax.

In the past, the big battalions have done most to promote expansion by going out to look for savings. The first five of them are responsible for about 45 per cent of the movement's assets; the first ten for about 57 per cent; and the first twenty for nearly 70 per cent. These are the societies that are the most likely to adjust their ideas and their administration to the needs of the future. And if the movement as a whole is convinced that more growth must be secured, it will have to think harder about amalgamations. For the small, local society this may mean some sacrifice, but the fact is that there are far too many small societies in a local rut. The building societies have an honoured and respected name in this country. They do not have to create a brand-new image for themselves. But they do need to give it a critical look and a new polish. There are dynamic possibilities in the future which can far transcend the conservative comforts of the past.

BUSINESS NOTES

IN THE MARKETS

Mind Reading

THE mood in the equity market this week has been distinctly more optimistic than for some months past. The volume of trading has broadened but not much stock has come on offer to meet the demand, which included some switching out of gilt-edged securities by trustees, and prices have risen sharply. The *Financial Times* index bounded smartly over the 300 mark on Monday and by Wednesday it had risen to 308.3, compared with 294.9 a week earlier. In the same period, *The Economist* indicator gained 12.5 points to 368.9. With thoughts concentrated upon this rise in equities, gilt-edged stocks, which had already enjoyed a steady rise in earlier weeks, were largely neglected and the movement in their prices

was restrained. The Agricultural Mortgage Corporation's offer of a 6½ per cent stock, 1975-77, at 99½ was oversubscribed before the weekend but dealings began at a small discount.

Quite why the mood in the equity market changed is difficult to pinpoint exactly. The rise in prices on Wall Street to a new peak may have had some influence as a signal of some expansion in business and trade. The stock market, too, may have drawn some comfort from the by-elections, for while the Conservative party lost votes the fact that the Labour party failed to pick them up was perhaps more significant. Primarily, however, the rally was based on a more optimistic reading of the economic prospect

and on the fact that much of the depressing news which is now being reported by British industry had been discounted in the earlier fall in equity prices. In this mood, the market was prepared to shrug off the gloomy forecast from GKN and to take the trade figures in its stride. The stock market also drew more encouragement from Mr Selwyn Lloyd's muffled statements about the future than Mr Lloyd himself perhaps intended.

On Wednesday afternoon prices were marked up sharply on his statement that the improvement in world trading conditions might create a favourable opportunity to move on "from emergency or crisis steps to the shaping and development of long-term policies"; but the pace of the advance was not fully maintained on Thursday after press comment had emphasised the qualifications with which Mr Lloyd had surrounded this statement. A change of view on equities now could theoretically be

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based on a belief that the authorities have weakened in their determination to defend the sterling parity. Scepticism on these lines is in fact rarely voiced in Throgmorton Street. But the market's behaviour this week does suggest that some investors are prepared to back their belief that equity prices have grounded and are beginning slowly and hesitantly to move up again.

Peak on Wall Street

A correspondent cables:

INCREASES in dividends, of which the most significant was the extra dividend declared last week by General Motors, has stimulated the demand for the established market leaders, including General Motors, Coca Cola, IBM, Reynolds Tobacco and Standard Oil, rather than for the small unseasoned issues that had been supposed to have a substantial capital gain potential. The volume of trading has been heavy, but the buying has been definitely less speculative as investors are disillusioned with the growth equities that have failed to come up to expectations. Buying has been concentrated upon the blue chips that have a reasonable prospect of expanding business, higher profits and bigger dividends. Such stocks, however, are already selling at historically high price/earnings ratios and hence there is a chance that interest will switch to second rank stocks with more erratic dividend records.

Investors appear to be convinced that the lull is over and they have been heartened by evidence that the government's spending on defence is having an impact on corporate earnings. On Wednesday, the Dow Jones average rose to a new peak of 734 and Wall Street, now that its confidence in the business outlook has been restored, is thinking in terms of a strong rally at the end of the year. This could be punctuated by profit taking but in the view of some dealers it could be sufficiently strong to carry the Dow Jones average above the 750 mark.

OVERSEAS TRADE

Rising Imports Again

THERE are so many ways of looking at Britain's monthly trade figures, so many dock-strike distorted figures of past months to compare them with, that the public interpretation given to any one set of figures, particularly by the broadcasting authorities, is quite unpredictable. October's figures caused little gloom either in the stock markets or in the exchange markets. But on balance they are undoubtedly disappointing.

The seasonally adjusted series shows a sharp jump in landed imports, by £19 million to £379 million—the first significant reversal of the decline from the peak levels of the end of 1960. Why should seasonally adjusted imports rise in a month when, by all appearances, retail trade was

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at a low ebb and stockbuilding was still curtailed by the credit squeeze? The detailed classification due next week will deserve special scrutiny.

Exports, admittedly, picked up last month after their September drop, but at £311 million the total was only barely above that of the previous average in each of the first three quarters of this year. The upshot was that the crude deficit, which had fallen successively since the last quarter of 1960 from £83 million to £64 million in the first

UNITED KINGDOM TRADE

(£ million per month; seasonally adjusted)

	Exports fob	Re- exports fob	Imports cif	Crude deficit
1960:—				
3rd quarter.	290	13	385	82
4th " "	295	12	390	83
1961:—				
1st quarter.	309	12	385	64
2nd " "	305	13	363	45
3rd " "	309	15	357	33
May	278	13	367	76
June	330	15	368	23
July	307	16	354	31
August	324	15	361	22
September.	297	14	360	49
October ...*	311	12	379	56
Jan.-Oct. ...*	308	13	370	49

* Provisional.

Note:—The different valuation of imports and exports in these figures means that the deficit shown here is overstated by an average of around £37 million a month.

quarter, £43 million in the second and £34 million in the third, widened in October for the second month in succession, from £49 million in September to £56 million. The distortion caused by valuation of imports cif and exports fob artificially swells the monthly deficit by £37 million or so; this still leaves a deficit that would surely not be covered by Britain's tenuous invisible earnings. But speaking to what this week became the National Association of British Manufacturers on Wednesday, the Chancellor of the Exchequer, after referring to the October trade figures, stated: "On current account we are probably just about in balance."

COAL

Steel's Fuel Costs

ABOUT 2½ million tons of coking coal out of the 18 million tons that British steelmakers use each year cost at least 15s. a ton more than similar coal they could import from the United States, the British Iron and Steel Federation argues in its *Steel Review* this week. Replacing this tonnage with imported coal could have saved more than £3 million a year (the average margin of British over landed prices from the United States was, in fact, about 30s. a ton); this would have reduced steelmaking costs at the ten major works concerned by more than 8s. a ton of finished steel. Britain has lost its cost advantage for coking coal against Continental steelmakers; coastal works there, in particular, are importing American coal at a long-term price of under

£5 10s. a ton cif, while some British coastal works have to pay up to £7 a ton.

During the last twelve months, the federation argues, the British steel industry has had nearly £30 million a year added to its fuel costs by Government decisions. These decisions were, first, to approve increases in coal prices that cost steel £12 million a year directly and which they think added another £6 million through increases in their suppliers' prices: the decision to tax fuel oil and later to surcharge it, costing another £7½ million a year; and the decision not to allow steelmakers to import American coal, on account of which they appear to be adding in the £3 million a year calculated above. This arithmetic produces what answers one chooses: it could as properly be added up to an increase of £25 million a year that could have been reduced to £22 million. It also requires the assumption that the Government could have avoided approving any increase in coal prices in September, 1960.

Arithmetical reservations, however, in no sense weaken the federation's basic case against protection of high-cost fuel in Britain—from which export industries such as this is and serves suffer now and will suffer more when Britain is in the common market. Lord Robens has often expressed his enthusiasm to get into Europe and undersell higher-cost coal there—and also, no doubt, to take a hand in knitting Britain's kind of protection against imported fuels into that of the Six, which here and there is higher than Britain's but also includes much stronger elements of liberalism in fuel import policy. By the time Britain is in Europe, its own coal costs may not generally be as competitive as all that; and certainly its customers such as steel will have borne more of the consequences of using those British coals which are least competitive.

OIL IN EUROPE

Precedent from the Antilles

SOMEWHAT surprisingly, the Dutch government this week accepted the principle of a quota on imports of petroleum products from the Netherlands Antilles into the common market as the price of association of this dependent territory with the European Economic Community. They originally put forward a request to associate these West Indies with the common market as long ago as January, 1960; but until about a week ago what had developed into an argument between them and the French, with other member countries looking on, seemed liable to go on interminably. There were, however, signs of dispute between the Dutch foreign and economic ministries on the point: and this week the Council of ministers of EEC announced agreement on association, with a ceiling of 2 million tons a year on preferential terms for imports of refined oil products.

The principle was more important here than the actual amount. These imports of products refined from Venezuelan crude at the two big export refineries in the Antilles—the Shell plant at Curaçao and that of the Jersey group at Aruba—have in recent years dwindled to a volume considerably below the new quota tonnage, moved across the Atlantic mainly to balance particular shortages of products that European refining capacity cannot conveniently fill. For 1960, Shell says that it moved about 800,000 tons to the European six and Esso that it moved about 650,000 tons; middle distillates, which have been one of the few oil products fairly short in supply everywhere, made up the biggest proportion of these imports.

This agreement establishes the principle of quotas on imports of oil products from countries which may from now on become associated with the common market. In Holland and indeed in the international oil industry, there had, however, been a feeling that the French were more concerned to avoid any formal acceptance of quota-free entry for products refined from crude from outside the market's frontiers. The French have recently taken powers inside their own frontiers to impose quotas on all imports of crude, even those from within the "franc zone." There remain suspicions that what they want, eventually, is some absolute preference in the whole common market for products refined from Saharan crude (unless, perchance, they happen in the meantime to mislay the Sahara).

THE EXCHANGES

Sterling-Dollar Seesaw

STERLING came in strong demand in the middle of this week. The buying started on Tuesday afternoon. This was just the time that Britain's indifferent trade figures for October became known; but the exchange markets appear to have been more impressed with the simultaneous news of a wider third quarter deficit in the United States. Just what logic can lie behind a strengthening of sterling on the evidence of weakness of the dollar at the present stage is difficult to fathom. The buying brought sterling above \$2.81½. In London it is thought that the inflow of funds for short-term investment may have fallen off since the end of October. The margin on covered interest arbitrage has virtually run off; on the Treasury bill comparison the covered margin over New York, where the bill rate rose this week from 2.35 to 2.5 per cent, has dropped from about ¾ per cent just before the Bank rate reduction a fortnight ago to only about ¼ per cent. But the line between the various forms of short-term capital inflow—money that comes in to take advantage of high interest rates on the one hand and money that is settling commercial debts on the other—is not easy to draw:

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interest rate differentials are themselves a factor affecting the settlement of commercial debts. So the argument about how much of the present inflow is hot money and how much is the unwinding of leads and lags ("our own money") is not very fruitful. The plain and significant thing is that the money is not being earned on current account.

In Germany the outflow of reserves in the first week of November was almost stopped, at 4 million marks following the previous week's 441 million. The rate against the dollar has now settled at just below parity for the mark, and the Bundesbank has apparently needed to pump fewer dollars into the market to keep it there. With total reserves of such unquestioned adequacy there is much less danger in Germany than nearer home that one big loss such as last week's will set off a chain reaction.

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SUPERSONIC AIRLINERS

Bluff and Counter-Bluff

IF it is possible to reach the wrong decision for the right reasons, then the Minister of Aviation, Mr Thorneycroft, seems well set on the way to doing this. He is now on the verge of reaching agreement with the French government, after a year's negotiation, to back the development of a short-range supersonic airliner evolved from the highly successful Caravelle, and he is doing so largely because the supersonic design proposed by the British industry looks like a non-starter. These are the bald facts.

The supersonic aircraft proposed by the French is simple and relatively small; it therefore neatly by-passes the difficulties,

Brothers in Oil

GENEVA.

ALTHOUGH the latest meeting of OPEC, the Organisation of Petroleum Exporting Countries, was completed in Teheran a fortnight ago, it was not until Thursday evening that Mr Fuad Rouhani, the organisation's director-general, released its resolutions at its headquarters in Geneva. OPEC always waits until member governments have approved its resolutions: and on this occasion one of them, Iraq, felt unable to attend and had to have the resolutions sent on to it for approval.

The resolutions, courteously enough, gave pride of place to the dispute between Iraq and the oil companies. But while giving formal and full support of Iraq's position, OPEC counselled moderation. It appealed to the *bon sens* of the oil companies and asks for a spirit of true understanding between them and the member countries in order to secure healthy conditions in the world oil industry.

Venezuelan measures in preventing discounts on crude oil prices are mentioned and are to be the basis of a study to be carried out by the secretariat, with a view to recommending to the fourth conference "the manner in which appropriate and uniform controls may be set up by all the members for the achievement of similar results." This resolution supplements another in which note has been taken of a Venezuelan complaint (thinly disguised in the text as "information submitted") that oil produced in the other Middle East member countries has been utilised to weaken the price structure of oil in the world market. This too is to become the object of a study for the secretariat, which is to recommend to the fourth conference the action to be taken in the light of its findings.

The co-operation which such common action would entail is specially underlined

in a separate resolution which asks the secretariat to study the possibility of establishing uniform practices, not only in the field of accounting but also in member countries' methods and techniques. The conference also reaffirms the stand taken at the last conference concerning crude oil prices and will decide on action to be taken at the next conference in the light of a study concerning this matter which is in course of preparation.

These various resolutions add up to a desire for increased co-operation between member countries and in particular a desire for increased common action. The organisation can claim unexpected success in establishing this number of important issues of common interest which are to be pursued jointly and forthwith.

This strengthening is reflected in the resolutions creating new departments in Geneva such as the enforcement department which will now group the legal, economic and financial section. It is also creating an information centre to which member countries will contribute their own information, but from which pool they can obtain information only on request, with limitations on information of a confidential nature.

Mr Rouhani, the present Secretary General, is obviously not expected to cope alone with this Parkinsonian development, and governors before their year of chairmanship will serve for a year as Deputy Secretary General of the organisation with permanent residence in Geneva. If the moderation shown by the organisation in their commentary on the IPC conflict is to be implemented by serious and technical studies by a professional secretariat with expert independent advice, the oil companies may yet welcome the creation of this latest of the Geneva international organisations.

THE WEEKEND IS THE MOST NATURAL BREAK OF ALL

Wind-storm—tree splinters.
A natural break.
Weekday tensions—
then the weekend.
A natural break.
Each natural in its way...

... but the weekend is the most natural break of all. Then families relax together at home. It's child-and-chatter time. Plan-the-home, plan-the-budget-time...
... and time for half the ITV homes in England and Wales to look at ABC Weekend Television. This 'feet up' weekend mood is just right for your commercials. Home - and - family - minded viewers welcome information about the latest and best. Let ABC Weekend Television sell your name... your products to 15 millions in the North and Midlands. The largest coverage of any single ITV company...



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including that of noise, facing designers (which include the British Aircraft Corporation) of big supersonic aircraft capable of operating on the North Atlantic. If the French think that sufficient people want to halve the journey time between, say, Paris and Athens or Moscow to justify putting an aircraft of this kind into production the proper course is to wish them luck and let them get on with it. There is no doubt at all that such an aircraft can be built. The only question is the size—or indeed the very existence—of a market for it.

But reports circulating in this country and Paris suggest that any Anglo-French agreement would go well beyond the super-Caravelle and would provide not only for the construction of the existing French design, but also for a stretched long-range version that might, but more probably might not be capable of operating on the North Atlantic. It is this part of the proposed agreement that needs to be looked at with special care, because an aircraft of the second type is likely to be worse than useless. Whatever market may exist for a short-range supersonic airliner, there is none at all for a medium-range poor relation to supersonic transports capable of operating on the North Atlantic. Anyone who doubts this might compare the order books of British and American aircraft manufacturers in the decade since the big jets came onto the market.

EXPORT INCENTIVES

Something Coming?

IT now seems pretty certain that the government is preparing some special incentives for exporters, which are very likely to include new facilities for export credits, will quite probably embrace concessionary interest rates on such credits, and may possibly extend beyond export credits to direct help for all exporters. The caution that the government has constantly in mind is the importance of avoiding any outright breach of international agreements which Britain itself helped to build up after the war.

In the debate last Friday on the Export Guarantees Bill, which raises the limit on Section II guarantees and Section III loans from £400 million to £800 million, Sir Keith Joseph, the new minister of state at the Board of Trade, conceded that "some countries, particularly France and Belgium, have differential rates of interest for exports." He went on to say that such differential rates are not a breach of the General Agreement on Tariffs and Trade provided this rate is not lower than "the Government concerned has to pay to raise the necessary funds." This is quite a proviso, but it would be difficult to establish that it is adhered to by France and Belgium. Sir Keith also revealed that 75 per cent of the credit business insured by the countries forming part of the Berne Union was within the stipulated maximum

of five years. He seemed to take this as a sign that the rules are being kept; in fact it shows how they are breaking down, even without any estimate for the effective evasion of the rules in loans or guarantees given direct to the buyer.

On the general incentives to exporters, the Chancellor last week again poured cold water on a turnover tax, with the aid of some specious arguments ("If there were a turnover tax of 10 per cent it would put the cost of living up 10 per cent"), but he promised to look into the accelerated depreciation allowance for exporters that exist in France. By Tuesday this week he had found out that "for some reason or another the French are shortly to abandon this system." In fact it is reported that they are abandoning it in favour of giving accelerated depreciation to all manufacturers, whether they are exporters or not. Probably this is a doubtful field for discriminating between exporters and the rest, but a case can be made for allowing manufacturers themselves to write off assets at the rate they choose.

SCIENCE

A Major Breakthrough?

THE biggest innovation accepted and backed by Lord Hailsham since he became Minister for Science has been the idea of development contracts awarded to industry for work on major projects too big for a company to tackle single-handed (DSIR had had the idea long before). The system is well established in the defence industries and has spilt over from there to civil aircraft, but in all other fields the principle has been up till now that the government pays directly only for what the government buys. The government has no excuse for cluttering Lord Hailsham's office with large new pieces of capital equipment incorporating advanced techniques that everyone agrees are good and desirable but which industry hesitates to embark on because of their cost and the risk that they might not work (or sell). Therefore three years ago, the Department of Scientific and Industrial Research announced that as a means of bridging this gap between pure and applied research it would consider placing development contracts with any industry or individual company that could put up suitable projects. Lord Hailsham told the House of Lords on Wednesday that the first two contracts were all but signed and marked, in his view, "a major breakthrough in the relationships between government and industry in the encouragement of science."

One of these is for computer-controlled machine tools, the other for advanced forms of computers. This selection did not occur by chance. Computer development in this country has been almost entirely government-financed by one means or another, while the machine tool industry has a great

deal of lost technological ground to make up. It got, indeed, a pat on the back from Lord Hailsham for the efforts made recently to put its house in order. This change of heart, thought the Minister, stemmed from the famous controversial report on the industry's research facilities prepared by the DSIR's economics committee. Other applications being considered for development contracts come at present mainly from the engineering industries, with machine tools well to the fore, but it is plain that the government is placing increasing reliance on the economics committee of DSIR to uncover deficiencies in industries that are simply not research-minded—among which, to judge from his remarks, Lord Hailsham numbers the motor industry.

THE CITY AND EUROPE

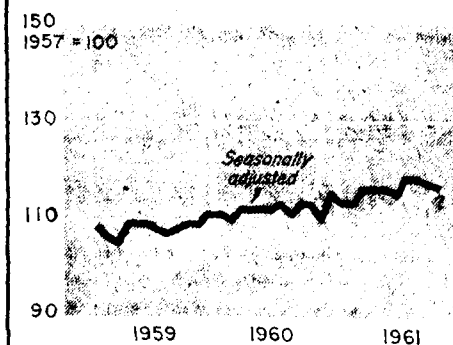
Learning to Borrow

CITY houses which formerly had the closest links with Europe have until recently tended to allow these links to become dormant. Mr Kenneth Keith of Philip Hill, Higginson, Erlangers told a bankers' conference on the common market in London on Tuesday. The City is now recognising this lapse, and is thinking a good deal about its future role in the common market. It knows that it has the largest and on the whole the best machinery for financing; what is lacking is the finance itself, and this is a reflection of the weakness in Britain's external payments accounts. "Any of you who have recently visited the Continent have, I am certain, been asked on numerous occasions if a devaluation of

RETAIL SALES

Spending in the shops probably fell a little in October. But after having been too confident about its first shot at the value of sales last time, the Board of Trade is uncomfortably cautious. The seasonally adjusted index is provisionally put at "116 to 115" (1957=100); perhaps turnover pegged level with September, perhaps it slipped a point.

Compared with October, 1960, the increase in turnover was about 3 per cent, "most of which may have been accounted for by higher prices."



sterling would not be necessary to make us competitive." Mr Keith firmly rejected this prognosis, pointing to the rise in Continental costs and the pressure of full employment.

Nor is it difficult to think of ways in which Britain's entry into the community might bolster sterling. M. Louis Camu, president of the Banque de Bruxelles, referred at the conference to more formal co-operation between central banks and to the provisions in the Rome treaty for joint support of a currency in difficulty; while Mr Keith expects, in the longer term, "a great increase in European, and perhaps American, investment in Britain," attracted by relatively high yields. Later he voiced the familiar City complaint that high interest rates were driving away lending business. But if Britain is to secure the support from foreign capital to which Mr Keith sensibly looked, the City must resign itself to doing less foreign lending and more foreign borrowing, which high interest rates will indeed promote.

ELECTRICITY

Buying Abroad

THE Central Electricity Generating Board had bought equipment abroad before its recent order for two 90 MVA transformers from Canadian General Electric was announced. But these purchases had been limited to equipment that could not be bought in Britain; some of the DC equipment for the cross-Channel cable, for example, comes from Sweden. The order for transformers is more clearly aimed at British manufacturers, whose previous pricing agreements were declared illegal earlier this year by the Restrictive Practices Court.

This reminder that there are other sources of supply open to the CEGB, and that it is prepared to use them, might have a salutary effect on the prices that British manufacturers quote, now that they can no longer be sure that they will all quote the same. The CEGB is clearly anxious to press home the advantage that it has gained from the decision of the Restrictive Practices Court. The electrical manufacturers cannot feel happy to see their sole British customer give notice that it will do its best to get their margins down on what may have been one of their fairly few profitable lines.

NON-FERROUS METALS

Plumbing New Depths

LINGERING hopes of a recovery in lead prices this year drifted away with the falling leaves: the autumn conference of lead and zinc producers brought nothing but the reversal of a tentative estimate of a

BUSINESS NOTES

shortfall in lead supplies into a very definite forecast of a substantial surplus. Because of broken pledges and the apathy shown by most producers at that meeting, it seems most likely that all that will remain to be discussed at the next meeting in March will be statistics about the likely surplus in 1962, though the study group's "informed" guess was that new supplies and consumption would be in approximate balance during the first part of 1962. After that, all voluntary curbs might be abandoned and the prospect of what could happen to prices then must chill the big Australian and Canadian producers, who appear to have borne the brunt of voluntary restrictions.

The price of lead in New York has been cut twice this month, and is now 10 cents a lb. The unexpected rise in the United States' output seems to have embarrassed both the study group's statisticians and its own market, which is protected from imports by both tariffs and quotas. The London spot price of lead has dropped £3 to £58½ a ton since the beginning of the month, which is easily the lowest point since dealings were resumed on the London Metal Exchange in 1952, and this market has again come under criticism from producers, whose prices are governed by it, for its "sensitiveness"—that is its ability to recognise a bleak prospect when it sees it.

Spot zinc has dropped just as steeply as lead to £67½ a ton. The American recovery has made some impression on the stocks which have accumulated there, though a cut in the American zinc price is feared. Almost certainly there will be a surfeit of supplies throughout the world next year, though consumption should rise. The recent heavy sales of Russian zinc in London are possibly a harbinger of worse to follow.

The last-minute settlement of a wage dispute in Chile caused a fall of £4 a ton in copper and brought it back to about £227 a ton, the level at which a producer appears to have bought cash copper to support its price intermittently over the past month, though it later recovered to £228½. The "influential" support was still forthcoming and forward copper, which is not supported, sagged to a small discount. Even tin has come under pressure since the start of the month and spot supplies have eased about £7 to £966½ a ton.

Dent in Aluminium

CHANGES in the price of primary aluminium are rare: throughout the world, the number of large producers is small and a policy of stable prices suits their book. The present glut of aluminium is reflected mainly in greater competition for outlets, keener prices for aluminium products and less apparent enthusiasm for developing the vast bauxite deposits in West Africa. But recently, a cut of 2 cents to 24 cents a lb for aluminium in America has caused a flutter. The spark seems to have been generated by the friction that followed the realignment of the two North American

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dollars. Aluminium Limited of Canada, allowed some of its American customers to buy in Canada where the price was maintained at 23½ Canadian cents a lb—there seemed no reason for raising the Canadian price simply because of a fall in the value of the Canadian dollar. The result was a reduction in the American price, but ripples from the disturbance were not allowed to spread to Europe where prices have remained firm, though customers did hold off for a time in expectation of a price reduction here. (The price in Britain is £186 a ton.)

Expansion in the use of aluminium is not quite living up to earlier expectations. Snags have arisen in its use for cylinder blocks in motors for instance, and the fall in the price of competing non-ferrous metals has meant that it is harder to dislodge them from some uses, while in others they appear even to have won back a little ground. In the first eight months of the year, deliveries of aluminium in this country were about a sixth lower than a year earlier, but because aluminium scrap is an important source of metal and supplies will hardly taper off much while prices of virgin metal are maintained, nearly all of the fall occurred in deliveries of primary aluminium which contracted by 55,000 to 193,000 tons.

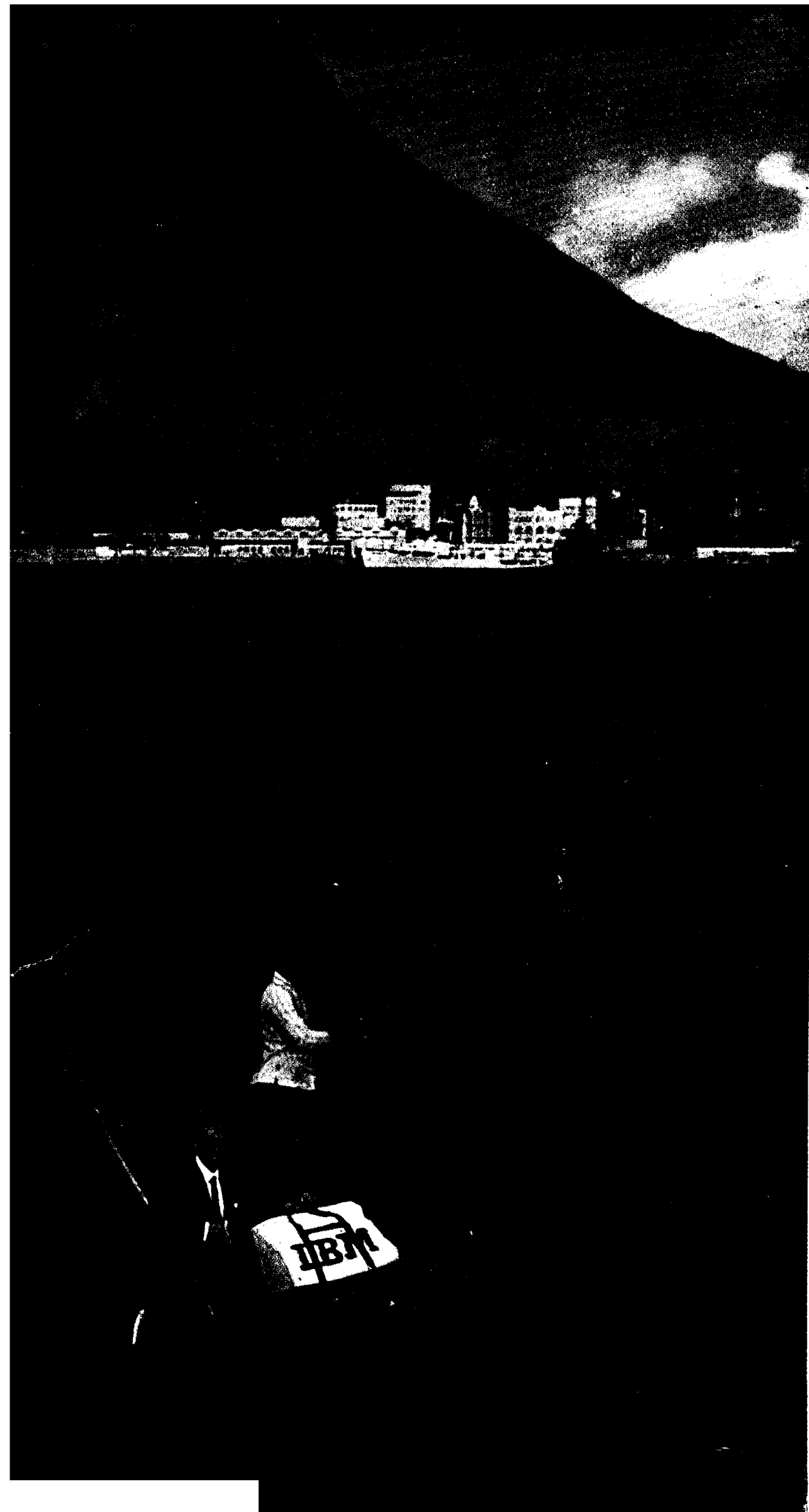
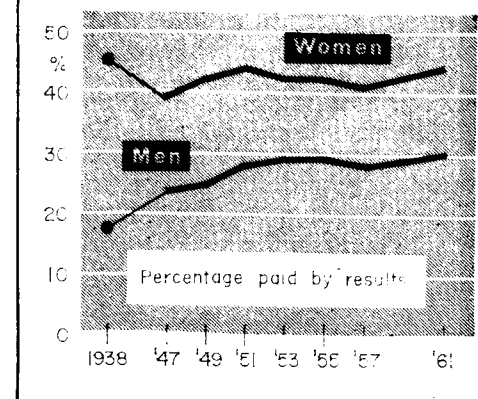
AIR RENTS

Above the Tracks

THE Transport Commission has only recently begun to develop the possibilities of renting off the air space above its railway tracks to property developers, and developers themselves may not have been

TIME AND PIECE

The Ministry of Labour has estimated that in April 33 per cent of all manual workers, and 42 per cent of those in manufacturing, were paid by results, i.e. under a scheme whereby wages vary according to the output of individuals, groups or departments. More among large firms than among small ones have such schemes. The industry group with the highest proportion paid by results was shipbuilding and marine engineering: there it was 65 per cent.



ONCE SUCH A BARREN WASTE THAT THE BRITISH SACKED THE OFFICIAL RESPONSIBLE FOR ACQUIRING IT, HONG KONG IS NOW ONE OF THE GREAT CITIES OF THE ORIENT. YOU WILL FIND IBM AT YOUR SERVICE THERE — AS IT IS AROUND THE WORLD.

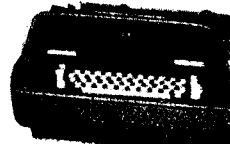
Kam Leung, IBM representative, makes a sale

In the world of Kam Leung a sortie by sampan is not an everyday affair. But, as an IBM representative in Hong Kong, one of the world's most dynamic trade centres, he knows customers are where you find them—sometimes a mile off shore.

Kam Leung is ferrying an IBM Electric typewriter out to demonstrate it for the purser of a Norwegian ship anchored in Hong Kong harbour. Life afloat can be rough on machines as it is on men: the purser must have a typewriter that not only will turn out fine work quickly and economically, but will stand up to seagoing stresses. As Kam Leung pointed out, the IBM Electric is not only ruggedly built, but offers a special advantage to a customer who may be in Rio one month and Rangoon the next: practically anywhere his ship makes port in the free world, the purser will find skilled IBM service at his command.

IBM's way of doing things demands the same meticulous attention to the marketing and servicing of our products as is given to their design and manufacture. As Kam Leung occasionally makes a call by sampan, other IBM representatives have been known to travel about by reindeer sled in Norway, by helicopter in the Gulf of Mexico, by veldt-hopping private aeroplane in Africa.

There are 293 IBM offices scattered about in 90 countries. In every one of them, you will find the same enthusiasm for seeing that you have what you need when you need it—wherever you may be.



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MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

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sufficiently pressed for space in city centres to think seriously of building on stilts over the tracks. Whatever the reason, two of the projects now in hand have both been started by airlines. British European Airways is putting up a new £3½ million, 10-storey terminal over the tracks at Gloucester Road and laid the foundation stone three weeks ago; British United Airways started work this week on a new £100,000 terminal stretching over several railway platforms on the Buckingham Palace Road side of Victoria Station.

This BUA terminal is much simpler than BEA's project, which is expected to be ready in mid-1963, but in a number of ways it is the more interesting. BEA has not been able to exploit the convenience of building above the tracks by having a direct link with the underground services beneath; London Transport did not think that enough air passengers were likely to use the underground to justify the cost. The Victoria Station project, on the other hand, works hand in glove with the railway. It is intended to serve air passengers for Gatwick airport (BUA will provide desks for other airlines using Gatwick) who will check in at the terminal and then board the trains waiting on the platforms below. There has been talk of providing a train every 15 minutes; there are only two services an hour to Gatwick at present, and airlines landing large numbers of passengers have complained that the railway does not always provide enough coaches to get them away.

The most interesting difference, however, is that while BEA pays a flat rent for the air rights above Gloucester Road, the Southern region of British Railways has learnt from mistakes made at London Airport and is charging British United Airways a toll charge, instead of a flat rent, based (on a sliding scale) on the number of people using the terminal. BUA's own estimates of the traffic are 350,000 passengers next year, when the terminal opens in the spring, and a million a year by 1964.

UNIT TRUSTS

Looking Up

THERE are more signs of activity in the unit trust movement, and October's net sales were much better than the unexciting conditions in the stock markets might have suggested. For the sixth successive month sales exceeded repurchases, amounting to £2,741,000, but nearly half of this total came from the Scotbits block offer. Even without this offer, however, sales were still considerably in excess of repurchases of £794,000. For the last four months repurchases have been around £750,000-£800,000 a month.

The attractions of unit trusts have not escaped the notice of trustees and many trusts are wooing these new equity investors. This week offers have come from Orthodox Unit Trust, British Industries Third Trust, Shield Unit Fund and Crosby Income. For

BUSINESS NOTES

some trustees wishing to maintain a high income on switching from gilt-edged stocks, British Industries Third and Crosby Income both offer a yield of 6 per cent. The former's portfolio is made up entirely of equities, but it includes a number of rubber and tea shares as well as copper and gold mining issues. About one third of Crosby's portfolio is in preference shares; its units are offered at 4s. 11½d. Following the subdivision of the old Shield units into three, the price of its offer has been fixed at 4s. 9½d. to yield just under 4 per cent. The Orthodox trust holds 35 per cent of its portfolio in fixed interest securities and a further 10 per cent in gold shares; at 14s. 5d. the units offer a yield of 4.6 per cent.

Some new trusts are in the offing and Board of Trade approval is being sought for the trust deed of Stockholders Unit Fund, which has been designed particularly for the small investor. It will be operated by the John Govett group which also manages a number of investment trusts and it will seek its investors from stockholders' introductions rather than by direct publicity. Reports of a link between Unicorn Securities and Royal Exchange Assurance group to form a new unit trust have been described as "unauthorised and premature." But the possibility of unit trust management being brought in to help to administer some of the big trust fund departments is an obvious possibility.

CAR EXPORTS

More for America

SHIPMENTS of British cars to the United States are beginning to reach a more respectable level this autumn. They had risen gradually during the summer, when BMC began shipping some of its new sports car models. But shipments remained well below the level of sales; in September, for example, some 2,500 were exported but 6,500 were sold. De-stocking at much this sort of rate had been going on for fifteen months. By now American dealers seem to have reduced their stocks to a level they think appropriate to the present rate of sales, and have begun to order again. Sales are now a little more than 60 per cent of those a year ago, when the decline was already well under way. This year they are likely to be under 80,000, compared with 134,000 in 1960 and 195,000 in 1959. Volkswagen alone will probably sell twice as many cars as British manufacturers this year; it remains the only European manufacturer unaffected by the slump in imported car sales.

Next year is expected to be rather better for all car sales in the United States. Importers of British cars hope to participate in this prosperity, and therefore want to build up stocks during the winter for the spring selling season. BMC reports that its dealers are taking all the sports cars that it can

supply. It hopes that the Cooper versions of its baby cars will find a market in America among sporting enthusiasts—who are for the most part not the buyers of sports cars. These go to the middle-aged, who seek to recapture their youth, or anyone who wants a different second car. Standard-Triumph also reports a strong demand for its sports cars, and that Triumph remains the top-selling British make (though the different BMC names together outsell it by a wide margin). The main problem for S-TI now seems to be getting production of the TR4 built up quickly enough to take advantage of the demand for the new car. Rootes has found that demand for the Sunbeam Alpine remained fairly constant, and that sales of the Hillman Minx improved during the summer. It will soon be introducing the Super Minx as well, keeping the old model on as it has done in Britain.

The re-starting of shipments by the American-owned British companies is the most significant sign of the change in the American market. Ford announces that it began sending cars to America again last month, and has by now shipped 1,400. Most of these are Anglias, but it is also introducing the Classic and Capri to America. They will sell roughly in the price range of the American compact cars, though the Anglia costs less. Their appeal is therefore likely to be more specialised. The same applies to the new Vauxhall Victor, shipments of which will start in January. The old model was one of the most popular British cars in the United States two years ago, but sales fell away almost to nothing this year. After such an experience, it is encouraging that General Motors should find it worth importing cars from Britain again. Whether it and Ford will continue to do so after the Ford Cardinal is introduced in America, probably next year, remains the unknown factor.

WOOL TEXTILES

Opportunity Beckons?

A FALL of 2 per cent in the volume and value of Britain's exports of wool textiles this year is predicted by the National Wool Textile Export Corporation. Though exports in the first half of 1961 were 7 per cent lower than a year earlier, the improvement is not quite the revival that the corporation seems to have expected: three

INDEX

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**The Publisher, 22 Ryder Street,
St. James's, London, S.W.1**

months ago a small increase in exports was thought possible. The ending of the annual scramble for the United States' market through the imposition of a crippling but uniform import tariff affected earlier comparisons, but in Canada, Britain's largest export market, exporters suffered a severe and genuine setback, from which they have not yet fully recovered.

Since the war, Britain's exporters have been squeezed between high tariff walls around many markets and a larger volume and greater range of wool manufactures from their competitors. Though they have so far proved adaptable enough to find other outlets to replace lost markets, the alternatives diminish with the sealing off of each market by protective duties. New Zealand has recently announced an increase in its tariffs from July next. The increase is smaller than it might have been had local manufacturers had their way, but in Australia, too, local manufacturers who have obtained temporary relief from imports of cheap cloth this year are now asking for greater protection. Whether by accident or design, British exports have been given a more pronounced European slant by an increase in exports of wool cloth to common market countries this year, despite slightly more unfavourable import duties.

Many manufacturers have already made some of the necessary dispositions in readiness for Britain's entry into the common market, and the industry as a whole is in favour of it. West Germany has become the largest export market for wool manufactures since the war; the snag is that Italy holds more than half this market, and Britain's share has fallen. Exports of cloth to France and Italy have been the principal source of satisfaction this year, but exports to France have probably been assisted by that country's earlier liberalisation of imports and Italy has increased its exports of woollen fabrics to this country by about two-thirds this year.

In the give and take that would follow Britain's entry into the common market, manufacturers of cheap woollens will evidently have to take it. If, as this year, Europe prospers, the worsted and better quality woollen manufacturers ought to expand their sales. The influx of Pakistani immigrants into the wool districts will help. Labour is extremely scarce, particularly for work in a hot, humid atmosphere, and immigrants have filled the breach, though at the cost, it is alleged, of a deterioration in the quality of some products. Deliveries of woollen cloth by manufacturers in this country fell 6 per cent in the year to September; deliveries of worsted cloth were unchanged.

GAS

LPG for London

ALONGSIDE the pipeline that it is laying from Fawley refinery to a terminal close to London Airport, Esso Petroleum is

BUSINESS NOTES

also laying an 8-inch line to carry liquid petroleum gases from the refinery to go into gas supplies for London. A deal has been made with the North Thames Gas Board under which it will purchase from Esso large quantities of this liquid gas; and Power Gas, a part of the Davy Ashmore group, is to build a continuous reforming plant at Southall to convert these rich gases into the gas of lower calorific value used in British households and factories. This plant is designed with a capacity of 60 million cubic feet a day; but the board may also be using propane in other forms of peak load gasmaking.

North Thames has always been the prime mover in the import of liquid methane; in that context it was strongly opposed to LPG or other imported hydrocarbons as substitutes for methane either for reforming or for enriching low-grade gas from Lurgi plants. However, the board has always stated its readiness to take all the petroleum fractions that it could from refineries within Britain. The propane, butane, and other gases contained in a broad specification LPG give this gas a calorific value per cubic foot, or per gallon liquid, of about five times that of British town gas and about twice that of methane; the gas can be liquefied under moderate pressure, as it will be in the line from Fawley, or at atmospheric pressure under moderate refrigeration. The North Thames board will no doubt be taking a sizeable proportion of the 354 million therms (700,000 tons liquid) of methane due to begin being landed in 1963 for the use of seven gas boards. The Southall plant for reforming LPG will also come into operation in mid-1963; by then North Thames may be the largest consumer of liquid gas in Britain, though there are other area boards with ambitious ideas too.

BREWING

Research Alliance

AN agreement to pool research and technical development has been signed by Ind Coope Tetley Ansell, John Labatt of Canada, Lucky Lager Breweries of the United States and Stockholm Breweries of Sweden. The main purpose of this agreement is to direct on an international scale basic and applied research designed to secure economies in production, an improvement in the taste of beer, the measurement of changes in public taste and the adaption of modern technology. How closely the work of geographically separated research teams can be blended together remains to be seen; but obviously there is room within this alliance to share out research projects and to exchange information.

The implications of this agreement, its signers have said, go much wider than research on continuous brewing and continuous fermentation. But it is these continuous processes which offer the most interesting possibilities at the moment. Members of

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the alliance are operating experimental continuous plants; but so are other go-ahead brewers both in this country and abroad. Labatt has a patent on continuous fermentation dating back to 1892; but there are quite a number of patents in this particular field and the brewers' principal task at the moment is to hit upon the one most suitable for their needs. In the mashing stage of brewing, continuous units have been developed that give satisfactory results and which compare economically reasonably well with the batch process. At the boiling stage, progress is not so well advanced and the major problem of linking continuous fermentation to the boiling and mashing processes is still in the experimental stage. A fully continuous process should offer the possibilities of economies in the size of plant and the use of labour, and it should give the brewers more consistent control over the quality of the beer they brew. At this stage it is unprofitable to speculate how far the continuous process could supplant batch brewing; but no doubt, as Mr Neville Thompson of Ind Coope has said, the public will have a chance to taste continuously brewed beer in a year or two's time.

COMPUTERS

Where Do We Go From Here?

COMPUTERS have become the accepted means of handling large numbers of figures, whether they be wages, pensions, stores, bank accounts, orders or scientific equations. This market alone will not, however, keep alive all the computer manufacturers at present operating in Britain. To sustain production at its present level they must now start the more difficult task of convincing potential customers that computers are just as capable of handling data that is not expressed arithmetically and sometimes looks as if it never could be. The Institution of Production Engineers, in a survey* of the applications for computers in production control laid down the following criteria: "if the problems are complex, the volume of data is high or the processing must be done within a tight time schedule"; with a slight stretch of the imagination these standards could be made to fit a whole range of human activities from oil refineries to medical diagnosis.

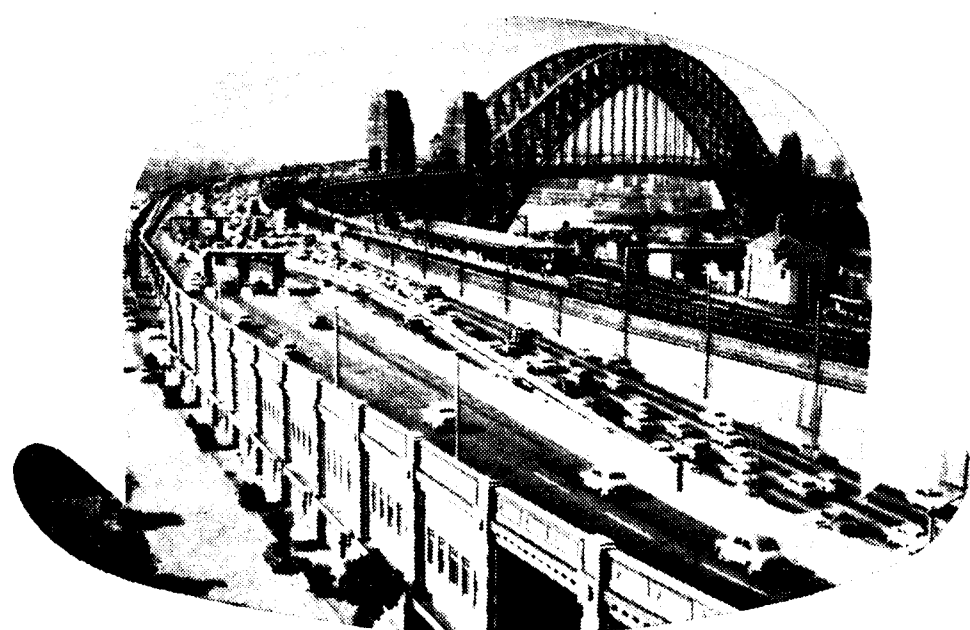
Some of the best brains in the computer business on both sides of the Atlantic are currently engaged in trying to extend the market into these new fields. The Department of Scientific and Industrial Research** thinks that some of the obstacles may lie with the computer companies themselves. The DSIR points out, along with some acid comments on the performance of certain ancillary equipment, that industry is often quicker to grasp the principles of automa-

* Computers and Production Control. Institution of Productions Engineers. 1s. 6d.

** Automatic Data Processing. DSIR. 6s.

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PLANNING BUSINESS DOWN UNDER?



The Bank of New South Wales will put you in the picture

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Zealand, Fiji, Papua and New Guinea all providing key services, many of which are peculiar to the Bank of New South Wales.

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WELL, we must all sleep sometime, and I'm no exception, but don't run away with the idea that I need a rest. We at Elliotts live, eat and sleep computers, that way we work all the time on a full-time job. That's why we're a success. You can't believe it? Well, take me for example, not literally, because I'm a very important cog in the Elliott wheel, but look at me now.

I have no difficulty in getting off to sleep - and I don't count computers - because I've got it all taped! It's a matter of application and in that field computer experts are tops. What's the prime demand in computing today? Speed. And speed is the essence of our operation. Fast thinking. Fast building. Fast computers. Fast asleep!

Now, to sell computers successfully you need know-how. The know-how to produce a top flight computer at the lowest possible cost. That's what Elliotts did. And last year we made more, sold more, delivered more computers than ever before - success achieved by experience!

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ELLIOTT COMPUTERS

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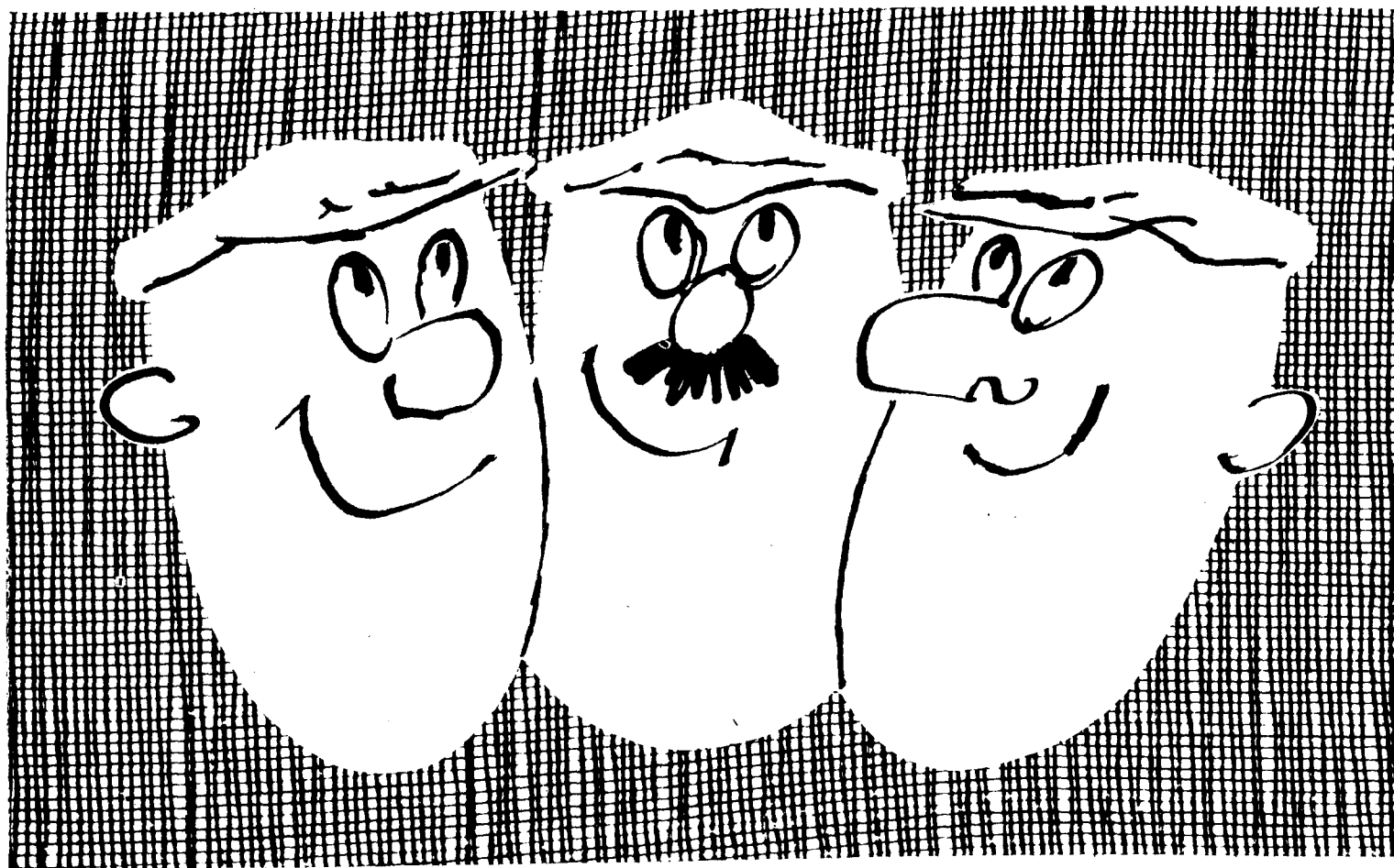
A Member of the Elliott-Automation Group



Building gentlemen in flat tops look to

TYGASCRIM

Specification of Tygascrium roofing membrane can prove to be a lasting solution in the waterproofing of flat roof buildings. This lightweight membrane weighs just over 2 oz. per square yard and yet has a bursting strength of 140 lbs. per square inch. The intrinsic virtue of Tygascrium is that it neither *carries* nor *traps* the moisture which can boil out of some materials to create trouble-brewing holidays or voids in the newly laid bitumen. Even so, TYGASCRIM has the strength to reinforce and homogenise the roofing asphalt. That's why wise men with flat tops in mind will ask their building gentlemen "Have you specified Tygascrium for my roof?"



Full details of Tygascrium can be found in Specification 1932 Roofer section—or direct from The Marketing Officer, Fothergill & Harvey, Summit, Littleborough.

Fothergill & Harvey
devise special products for industry

tion than the automators are to grasp the principles of industry. This particular criticism gives special interest to the creation within one computer manufacturer, Elliott-Automation, of an eight-man team to analyse tasks that seem to defy quantitative description and see whether in fact these are as resistant to automation as they appear. The results of some early investigations are surprising; they show that some operations thought to depend on an element of human judgment do in fact conform to fairly predictable patterns and are therefore suitable subjects for automation. This is particularly true in the process industries. Alternatively, they depend, as medical diagnosis may, on human memory and access to reference books, and a computer could efficiently stand-in for both of these. These conclusions are not likely to surprise ultra-sophisticated scientists who have studied what is known in the vernacular as the "mechanisation of thought processes." But carrying out this kind of analysis in individual factories on individual pieces of equipment like distillation columns takes considerable time and skill, and Elliott is thought to be the first manufacturer to undertake its own investigations as part of its field research.

DOMESTIC APPLIANCES

Struggling Through

AUTUMN is usually the busy time for the domestic appliance industry—apart from the refrigerator makers, whose selling season is the summer. This year sales have remained at a pretty depressed level, and it seems that only where obsolete models are being sold at cut prices are sales higher in volume than they were last year. This practice has recently spread from refrigerators to washing machines and other appliances, as their manufacturers have found it necessary to clear stocks of old machines before introducing new models. Perhaps as a result, some makers find that orders from the trade are now slightly higher than they were a year ago. Cut price selling continues with refrigerators, and may help to explain why sales were about 30 per cent higher than a year before in September. Most sales, however, are still at list price. But, as this is the off-season for their sales, the rise in total is not large and there are signs that the improvement has not been maintained. Retailers' and makers' stocks of refrigerators remain uncomfortably high for the end of the selling season—the latter are 40,000 higher than a year ago—though retailers did manage to reduce theirs during September.

Manufacturers have a gloomy prospect to face this winter. Refrigerator makers already have stocks adequate for the new year, when retailers start buying. They cannot therefore afford to make many more refrigerators during the winter than retailers will currently take, which is likely to be few. More short-time working and per-

haps dismissals can be expected. Makers of other appliances should not suffer as badly, with their more evenly spread sales. But they are all facing a second year of operating well below capacity. The industry feels that it is time that the Chancellor stopped adding to its burdens. A cut in purchase tax and ten per cent deposit for hire purchase is its formula for a return to prosperity. Even this might not bring back the boom of 1959. That seems to have been an experience that comes but once, not the pattern of the future—as too many firms thought it was.

Cheaper Dishwashing

THE merger between Charles Colston and Rolls Razor to form a jointly-owned company, Rolls-Colston, brings together the pioneer and the latest exponent of direct selling. Sir Charles Colston adopted this method to get the Hoover into the home by sending his salesmen there first, and has

employed it for his dish-washing machine; Mr John Bloom used it to bypass the retailer, which Sir Charles and Hoover had not done, and, he claims, to save on the selling costs of his Electromatic washing machines. Now Mr Bloom's methods have won. The Colston dishwasher will only be sold direct to the home; and its price will be cut from £99 to "something over £60," with a simpler version selling for £51. Few changes have been made in the product to match this drastic cut in price; a cut of a third would roughly match the retail and wholesale margin. Sir Charles and Mr Bloom agree that this is a net saving, when they are sending their salesmen into the home in any case; and they also gain from a reduction in the purchase tax payable on the lower price. The market has failed to respond to dishwashers as quickly as Sir Charles had hoped; claimed improvements to the machine and this drastic price cut seem the best way of getting a reasonable volume of sales.

SHORTER NOTES

Lord Cobbold, former Governor of the Bank of England has been appointed a director of the Steel Company of Wales and also of Royal Exchange Assurance.

growth prospects. No dividend will be paid for the first accounting period to end February, but it is intended thereafter to distribute the bulk of the income until a gross annual rate of 8 per cent has been paid.

Britain has agreed to import 150,000 tons of South African sugar a year for the next five years. Following South Africa's break with the Commonwealth, it lost its rights under the Commonwealth sugar agreement. Under that scheme it obtained a quota of 157,000 tons in the British market this year at a price of £45 a ton. It qualified for the Commonwealth preferential rate of duty on other exports. The price paid for South African sugar will be £35 a ton next year, which, in line with earlier expectations, is about mid-way between the free market and commonwealth price.

In the year to March 31st, the sales of Remploy, the organisation which employs severely disabled people, reached a record total of £5,557,000, compared with £5,143,000 in 1959-60. Net output per man rose from £409 to £448, but the excess of expenditure over income rose by £32,000 because higher wages were paid and more workers were engaged, many of whom had to be trained.

Firm applications have already been received for 875,000 of the issue of up to 2 million 5s. shares being made by the Anglo-Nippon Trust at 8s. a share. As stated in these columns two weeks ago, the trust is to invest in Japanese equities with long-term

The Public Works Loan Board has cut its interest charges from 7½ to 6½ per cent for loans of not more than 15 years, and from 7 to 6½ per cent for loans of over 15 years. This move follows the cut in Bank rate and the general easing of local authority loan rates in the London market.

The directors of Rediffusion have declared an unchanged interim dividend of 9 per cent free of tax on the capital as increased by the recent rights issue. They are also to make a two-for-one scrip issue and forecast a 5 per cent tax free final dividend on the bigger capital, which would give a total equivalent to the 24 per cent tax free payment in 1960-61.

COMPANY AFFAIRS

Comments on pages 706, 707 and 710 on:
Royal Dutch/Shell Guest Keen
Tube Investments Combined English Mills
Carreras Rootes
Motor Components BICC
Beecham Farbwerke Hoechst
Hire Purchase Results

LONDON AND NEW YORK

Stock prices, yields and security indices on pages 708 and 709

LONDON STOCK EXCHANGE

The week's movements reported on page 710

MONEY AND EXCHANGES

Money market report, exchange rates and public finance on page 711

COMPANY MEETINGS

RONEO LIMITED

LARGER TURNOVER AND TRADING PROFIT

FURTHER ISSUE OF CAPITAL FORESHADOWED

ENCOURAGING PROGRESS IN OVERSEAS BUSINESS

SIR GREVILLE MAGINNESS ON FACTORS IN NATIONAL SITUATION

The Fifty-fourth Annual General Meeting of Ronco Limited was held on November 9th at the Connaught Rooms, Great Queen Street, London, W.C., Sir Greville S. Maginness, KBE (Chairman of the Company) presiding.

The secretary (Mr A. C. Hall) read the notice convening the meeting and Mr H. O. Coulson, FCA, representing the auditors, Messrs Barton, Mayhew & Co., read the report of his firm.

The Chairman said:

Ladies and Gentlemen,—In accordance with our usual custom I suggest that with your permission the Report and Accounts be taken as read, but before making any comments on the Accounts I propose to deal with certain changes on the Board of this Company since we last met.



DIRECTORATE

In April of this year Mr Peter Carew decided to relinquish his various industrial interests and duly resigned from the Board. It has been my privilege and pleasure to have been associated with Mr Carew on the Board of this Company for the past eighteen years during which period he has proved to be a wise counsellor and loyal colleague. I am sure that shareholders will desire to associate themselves with the Board in wishing Mr Carew many years of happy retirement.

To fill the vacancy Mr E. D. E. Andrewes was appointed a member of the Board.

Your Board also decided to appoint two additional Directors. I refer to Mr G. V. Willson Sales Manager of the Duplicating Machines and Supplies Division and Mr J. D. Forbes Watson Sales Manager of the Furniture Systems and Contracts Division. I am confident that the knowledge and experience which these two gentlemen have acquired in their important spheres of operation will be of considerable benefit at our Board Meetings. The confirmation of the appointment of these newly-appointed

Directors will come up at a later stage in the proceedings today.

CONSOLIDATED ACCOUNTS

Your Board is pleased to report a trading profit for the past year ended June 30th last of £869,823 representing an increase of £58,088 over the previous year. The net profit for the year amounted to £260,563 as against £337,798 for the previous year. The latter figure included a sum of £78,443 in respect of taxation adjustments relating to previous years and surplus on the realisation of investments thus making the comparable net profit figures of £259,355 in 1960 and £260,563 last year. You will see from the Consolidated Profit and Loss Account that the charge for taxation is some £84,000 over and above the amount set aside last year. This is accounted for by the increase in trading profits higher rates of profits tax and in 1960 we enjoyed larger investment allowances on the heavy purchases of capital equipment. To this profit for the year we have to add the sum of £349,686 being the unappropriated balance at June 30, 1960. From the resultant figure of £610,249 it is proposed to transfer £100,000 to General Reserve bringing the total of this reserve in the Balance Sheet to £1,490,000. Dividends less income tax have already been paid in respect of the 6 per cent and 10 per cent Preference Stocks and an Interim of 5 per cent on the Ordinary Shares such dividends amounting in all to £55,080. It is now recommended that a Final Dividend of 12½ per cent less income tax be paid on the Ordinary Shares making 17½ per cent less income tax for the year. After making these provisions the balance of unappropriated profits to be carried forward is £350,271 as against £349,686 brought forward from the previous year.

I shall refer later to the bank overdraft appearing in the Balance Sheet but I would draw the attention of shareholders to the item of Balance at Bankers and Cash in hand under Current Assets amounting to £193,938 which almost entirely consists of cash held by our foreign branches and subsidiaries for their own requirements.

TRADING

Our sales last year advanced by 18 per cent compared with 1960 and I am pleased to be able to report that all Divisions made their contributions to this achievement.

This increase in turnover was all the more gratifying as we had to face intense competition

both at home and abroad as well as further rises in labour and material costs and it was only by the profit earned on our increased sales that we were able to offset these additional burdens.

Notwithstanding the increased factory output the demand for the products of the Company was on such a scale as to make it impossible for us to satisfy the needs of our customers and your Board considered it necessary if we were to enjoy the continued goodwill of our friends both at home and abroad to embark upon a further scheme of expansion.

The financing of these necessary extensions and additions to-date has been provided by bank accommodation but it is the intention of your Board to submit proposals for the issue of further capital when conditions are appropriate so as to provide the necessary funds to repay this overdraft and such additional finance as may be necessary to cover the balance of our capital requirements.

Your Board is pleased to be able to report that orders placed in the first four months of this year have been well maintained. On the other hand the erosion of profit margins through competitive conditions both at home and abroad will continue and may well become more intense. Your Board however is satisfied that your Company is engaged in an expanding industry which will provide opportunities for continued growth and they see no reason why they should not obtain their fair share of this growing business.

When I addressed you last year I indicated that we would derive some benefit from our new factory at Norwich during the year under review. This has proved to be the case but I am sorry to say not as much as I had hoped. We had to face unexpected delays in the delivery of plant and special purpose tools and the acquiring and training of the necessary labour for the production of our products has demanded considerable patience but I am glad to be able to add that we are overcoming these initial difficulties and that we should derive increased benefits from these works during the current financial year.

DUPLICATING MACHINES AND SUPPLIES DIVISION

We are placing on the market a new Model 550 Policy Stencil Duplicator to replace the 500 Model over which it has several important advantages. Amongst others the motor is in the machine and a stand is not therefore absolutely necessary. Moreover it is being offered to users at a price considerably less than the 500 Model.

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We are also offering a new photocopying machine under the name of "Roneo Flash" and Spirit Duplicators both hand and electrically operated.

The demand for supplies continues to grow with the increased sale of machines.

FURNITURE, SYSTEMS AND CONTRACTS DIVISION

We continue to widen the range of Flushline Furniture of the most modern design and during the past year encouraged by the considerable success which we have enjoyed in the sale of Desking, introduced two years ago, we have developed a matching range of furniture such as Telephone Tables, Bookcases, Sideboard units and various space-saving layouts. We have been able to apply these various items of matching furniture to our well-established Executive unit range.

We have also placed upon the market a new range of Lockers both in styling and construction which should appeal equally to both offices and works.

For some years now we have been developing a new range of vertical Planfiles of an entirely new design and application and we are now able to offer this new line of equipment designed to deal with the difficult problem of not only filing but of housing valuable drawings.

We have also placed on the market a new exclusive range of medium priced office chairs which will meet the needs of the modern office user for comfortable, economical, and attractively designed chairs.

By the provision of these various lines we are now able to offer a complete range of furniture in both upper and medium price ranges.

EXPORTS

Having regard to the vital need for increased exports in the national interests we have spared no effort to develop our foreign business. I mentioned in my Address to the shareholders last year that our export trade had shown uninterrupted progress each year for more than a decade. It is a source of considerable satisfaction to your Board to be able to report that last year we made further progress in all sections of our overseas business which showed an overall increase of 23 per cent over the previous year. We have no illusions about the struggle which lies ahead in our fight to obtain an even larger share of export trade but we face the challenge in the knowledge that we have made encouraging progress which will inspire us in our determined endeavours to establish another new record this year.

RONEO-NEOPOST

This wholly-owned subsidiary continues to progress satisfactorily. In addition to our well-established lines we have acquired the exclusive rights in the United Kingdom for the sale of certain specialised machines for inserting and mailing, folding and signing and dating. The extension of our lines in this way will enable us to offer a more comprehensive range of Mail Room equipment. I feel that too often this part of the office tends to be neglected from the point of view of modern equipment and the economies and increased efficiency which can be derived from its installation. We shall be pleased to examine with any interested concerns the best way of improving the layout and equipment of the Mailing Department without any obligation on their part whatever.

COMPANY MEETING REPORTS

I need hardly add that the same offer of free survey applies to any other of our Divisions and in these sternly competitive days it is of the utmost importance for us all to examine every item of possible economy whether through labour saving, space saving or increased efficiency. "To Call in Roneo and do the job properly," will continue to be a worthwhile operation.

NATIONAL SITUATION

The prosperity of our Company is dependent not only upon our own efforts. Indispensable as these are they can too easily be frustrated by circumstances over which individually we can have little control. It is for this reason that for many years I have completed my review of our affairs by drawing attention to factors in our national situation which appeared to me currently significant in relation to the prospects of our own Company.

As I look back at what I have said in previous years I find one theme constantly recurring: the vital need to keep down industrial costs so as to increase our competitive power in the world's markets. Awareness of this need has been blunted by the very fact that the United Kingdom's share of world export trade has been declining for so long and so continuously. Sudden dangers are apprehended but those that mature slowly are disregarded.

Crises due to balance of payments difficulties or to loss of confidence by foreigners in sterling have followed each other with almost predictable regularity since the war. From these we have emerged at the apparent cost merely of a certain amount of temporary inconvenience caused by the emergency measures taken by the Government, but the disastrous consequences we might have feared of failure to deal with the underlying cause of these crises have not materialised. That this has been the case is hardly due to any merit on our part. We must attribute it instead to the forbearance of other countries towards ourselves as the chief beneficiary of the international arrangements which have been developed for assisting countries in balance of payments difficulties. The man who habitually conducts his business in such a way that he has repeatedly to throw himself on the mercy of his creditors finds after a little while that their terms stiffen against him and that his own standing among his fellows declines. So it is also on the scale of the affairs of nations and part of the price we have paid in recent years without being fully conscious of it for our own failure to avoid these recurrent crises has been a steady decline in our influence both political and economic in the world.

GOVERNMENT EXPEDIENTS

The expedients to which the Government has hitherto resorted as each succeeding crisis has occurred have had because of their very nature to be relaxed as soon as they have served their immediate purpose. Apart from more or less continuous exhortation to greater productivity there has hitherto been little sign of recognition that our recurrent difficulties call for any coherent and consistent policy from any postwar Government whatever its political complexion. From the fact that the Government at the present time appears to acknowledge the need for such a policy we must draw encouragement.

At the same time we should recognise the dangers inherent in the possible extension of Government intervention in the affairs of individual industries and perhaps of individual

undertakings. Mistakes by industrialists, however serious, only rarely have grave repercussions beyond their own businesses. Mistakes by Government agencies can be far-reaching and disastrous. For this reason alone it is important that the Government should keep in close touch with those responsible for the management of our industries in developing its policy so that this can be done on the basis of the knowledge and experience of businessmen whose confidence in that policy is essential.

EMPLOYMENT PROBLEM

We are committed in this country to the maintenance so far as it is in our power of a high and stable level of employment. One of the big problems with which we are faced is to find the means of preventing in conditions of high employment the continuous upward pressure on industrial costs and hence on prices of increases in the monetary rewards received by large sections of the community in active employment.

Responsibility in this matter is widely diffused. Employers by their own over-keen competition for labour have often forced wages above the levels negotiated on their behalf with the trade unions to their own and the country's disadvantage and at the risk of discrediting both the responsible leadership in the trade unions and also the established machinery for dealing with these matters. Raising wages might be an effective means by which employers could recruit workers if there were appreciable resources of labour at present voluntarily unemployed. It is often argued that by pushing up wages more efficient employers are able to draw workers away from the less efficient. This contention does not stand up to very close inspection. Often it is not a question of efficiency at all, it is rather that an undertaking manufacturing for a predominantly home market is under less discipline in regard to its costs than one making mainly for export, or that an industry the nature of whose process involves a high ratio of capital costs to labour costs attaches less importance to increases in the latter than another in which this position is reversed. High wages may encourage the replacement of human effort by mechanical power but the extent to which this is possible at any particular time varies very much from industry to industry.

So far as the trade unions are concerned there is widespread misunderstanding of their capacity to make a direct and positive contribution towards a solution of these problems. It is only too obvious how irresponsible action by a trade union can frustrate the efforts of both employers and the Government, whether such action takes the form of encouraging the union's own members to believe that they can annex for themselves a disproportionate advantage in wage negotiations at the expense of the general body of workers or of other sections of the community, or whether it takes the form of disrupting production by strikes. Such action by a union may call for and receive condemnation from other trade unions acting perhaps through the TUC. We are a very long way however from a position in which individual trade unions are likely to accept the views of the TUC even if these could be formulated as to what are proper relationships between the wages of members of different unions.

INTERESTS OF THE PUBLIC

What all engaged in industry need to recognise much more closely is that these matters are not simply the concern of employers and employees and their respective organisations. The public

as a whole is vitally interested in actions and decisions which can have so great an effect on our national well-being and the Government has a duty to intervene if the national interest is threatened.

Some people claim that there is a conflict between the Government's main declared objectives of economic policy of balancing our overseas payments, maintaining employment, achieving higher output and living standards, and avoiding inflation. To my mind most of our difficulties flow from the breakdown of the discipline inherent in the maintenance of monetary stability. If we stop inflation the other objectives will be not more difficult but easier to achieve. We shall have to recognise that any effective check on inflation involves dispelling the comfortable assurance that increases in costs can readily be passed on to the customer. This will follow action positively to stimulate competition which we must all expect to have to meet not only in overseas markets but also increasingly at home. Whilst the principal economic

LAKE & ELLIOT, LIMITED

A MOST SUCCESSFUL YEAR

MR C. J. LAKE ON CHANGES IN GROUP STRUCTURE

The fifty-first annual general meeting of Lake & Elliot, Limited, was held on November 7th at Braintree, Mr C. J. Lake (the chairman) presiding.

The following is his circulated statement:

This has been a most successful year for the Group and it is very pleasing for me to be able to report that all Departments have contributed to the much improved result over the previous year.

In recommending a Final Dividend of 8½ per cent, less tax, on the Ordinary Capital as increased by the recent Capitalisation Issue your Directors point out that, in respect of the Financial Year just ended, the total sum distributed in Dividend on the Ordinary Capital will be the same as would be required to cover payment of 12½ per cent, less tax, on the present £1,000,000 Ordinary Capital.

As announced in my letter dated June 2, 1961, the Directors have been considering the future structure of the Group and the manner in which its scope can best be expanded. Bearing in mind the differences in the nature of the products manufactured in the Foundries and the Jack Department at Braintree and the need for a greater degree of specialisation, not only in the actual manufacturing processes, but in administration and sales techniques, it has been decided to separate these two activities. A new Company, Lake & Elliot Founders and Engineers Limited, has been incorporated to operate the Steel and Iron Foundries together with the associated Machine Shops. A further Company, entitled Lake & Elliot Jacks and Equipment Limited, has been incorporated to operate the Jack and Lifting Equipment Department. Both these Companies began trading on August 1, 1961, as wholly owned Subsidiaries of the Parent Company.

OVERSEAS

Another wholly owned operating Company has been formed in France, entitled Compagnie Lake & Elliot France, primarily to produce jacks and equipment within the Continent of Europe. A site near Calais has been acquired and it is

COMPANY MEETING REPORTS

reason for this country joining the Common Market may be that thereby the area will be broadened within which we can sell our goods with the minimum impediment from tariffs and quotas, I believe that in the short run the main advantage may be that it will make for keener competition in our own domestic markets.

In conclusion I would like to express on behalf of my colleagues and myself to all members of our organisation both at home and abroad our sincere appreciation of their loyal and devoted services during the past year and I am sure that shareholders will wish to associate themselves with these sentiments.

The report and accounts were unanimously adopted and the dividend, as recommended, was approved.

The retiring directors, Mr E. D. E. Andrewes, Mr J. D. Forbes-Watson, Mr G. V. Willson and Sir Greville S. Maginness, KBE, were re-elected and the proceedings terminated with a vote of thanks to the Chairman.

anticipated that production on a limited scale will have begun before the end of the next Financial Year. I believe that this project will enable the Group to trade in markets which have hitherto been very difficult to enter.

Other negotiations for the manufacture of the Group's products overseas are continuing.

During the year the original Agreement with Key Company for the manufacture of refinery fittings expired and was replaced by a new Agreement with ACF Industries Incorporated who had acquired the former Key Company. To facilitate world-wide sales and service a wholly owned trading Company entitled Lake & Elliot Overseas Limited has been incorporated.

NEW ACQUISITION

On October 1, 1961, through The National Steel Foundry (1914) Limited, the Group bought the share capital of Shanks Ironfounders Limited, of Arbroath. This old-established Company produces both grey iron and blackheart malleable iron castings and the acquisition enables the Group to offer the complete range of ferrous castings: carbon and alloy steels, S.G. iron, blackheart malleable iron and grey iron.

Whilst the short-term order position in the Group is satisfactory, sustained effort is needed to keep all activities in full production as the situation could change rapidly. Little benefit from Shanks Ironfounders Limited is expected during the coming year and it may take up to five years or more before the Subsidiary Company in France is fully developed. I therefore view the coming year, not without optimism, but with caution.

In March, 1961, both your Chairman and your Managing Director completed 35 years' service with the Company and each received the now customary gold watch.

I anticipate that by the date of the Annual General Meeting both the reconstructed Technical building and the Sports Club will be occupied and in use.

I feel sure that all Members will wish to join the Directors in expressing their sincere appreciation of the splendid efforts made by all employees during the year. And in particular I must congratulate The National Steel Foundry (1914) Limited and the Jack Department at Braintree for their achievements of record outputs both in goods and in value.

The report and accounts were adopted.

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LONDON MERCHANT SECURITIES

SUCCESSFUL PROGRESS

The Eighty-Ninth Annual General Meeting of London Merchant Securities Limited was held on November 9th in London, Mr Max Rayne, chairman, presiding.

The Directors recommended a dividend of 10 per cent and a free scrip issue of one new share for every two held.

The following are extracts from the Chairman's circulated review:

The affairs of the Company and its subsidiaries have continued to proceed satisfactorily, on the lines forecast in the previous review and the successful progress is reflected in the accounts.

The wholly-owned subsidiary, British Commercial Property Investment Trust Limited, is now the vehicle for all the group's property enterprises. In accordance with our established policy, independent valuations have been obtained in respect of newly completed properties and the resultant surpluses have been taken to capital reserve.

Rentals and valuations achieved in respect of completed buildings have shown gratifying increases over estimates submitted in previous reports. It is expected that the further revaluations to be undertaken during the current year will again produce a significant surplus. Additional commercial properties have been acquired and important new developments are already in hand and in train.

In particular, there has been an impressive expansion in the activities of Kensington Commercial Property Investments Limited (the subsidiary in which we are associated with the Commercial Union Assurance Company Limited).

British Commercial acquired a two-thirds interest in the Cawder Estate comprising some 5,000 acres immediately north-east of Glasgow.

Our Canadian subsidiary has completed the assembly of a large and important site in Toronto.

Discussions are currently proceeding which may lead to the acquisition by London Merchant Securities of a substantial interest in the equity of The New River Company, Limited, and our association with the latter in the redevelopment of parts of their Clerkenwell Estate.

The debenture loan from the Yorkshire Insurance Company Limited has been taken up to the extent of £2,500,000 in the period under review, leaving a further sum of £1,500,000 available for future requirements. The overall liquidity position may be regarded with confidence.

The results of The "Sanitas" Trust Limited showed a further improvement during the year under review and the increased dividend produces a satisfactory return on our investment.

As to future earnings, lettings already concluded by the property companies indicate that significant improvements can be expected and it is to be hoped that these will be reinforced by revenue accruing from the remaining interests of the group.

The report was adopted and at a subsequent extraordinary general meeting the one for two free scrip issue was approved.

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COMPANY MEETING REPORTS

TUBE INVESTMENTS LIMITED

SIXTH YEAR OF RECORD EARNINGS

TI'S POLICY OF BALANCED GROWTH

Record earnings for the sixth successive year were reported by Sir Ivan Stedford, GBE, Chairman of Tube Investments Limited, in his annual review posted to Stockholders on November 16, 1961. In the course of his remarks, Sir Ivan said:

It is my pleasure to report record results for the sixth successive year. On a turnover expanded by 20 per cent, total trading profits, after depreciation of £6,199,900 (£4,904,825 last year), increased by £1,753,660—over 9 per cent—to £20,961,123, despite a reduction of £1,700,000 in the earnings of the British Aluminium Group.

It will be seen in the Consolidated Profit and Loss Account that the profits of the B.A. Group have been shown separately from those of the main TI Group. This has been done because the large minority interest in that Company reduced the impact its earnings have on TI's net amount available for appropriation.

If we look at our results, therefore, without the B.A. figures, we can better see how TI's preponderant and traditional business has fared. This shows that the pre-tax profits of the main TI Group increased by £3.5 million. These take in the earnings of the new companies consolidated this year but not last. If, for a comparison on a like with like basis, these, too, are excluded, our profits before tax, on an expanded turnover, exceeded the record earnings of the previous year by some £800,000.

Having regard to the unavoidable susceptibility of Groups like ours to the changing conditions of the national economy, I believe Stockholders will feel that, however we look at the year's trading figures, they represent a satisfactory result. This is expressed still more clearly in the net amount available for appropriation. While total trading profits rose by approximately 9 per cent, the net earnings of the Group increased by almost 15 per cent, from £8,100,735 to £9,304,538. A significant factor accounting for this was the reduction in the proportion of profit attributable to minority interests, resulting from the substantial fall in B.A.'s profits; there was also the release of £210,000 of a provision made last year against previous losses by Canadian British Aluminium, which is now operating at a profit.

PROGRESS OF DIVISIONS

It would be an over-simplification to generalise on these figures, for we had our full crop of difficulties. In addition to lower aluminium results, the operations of our Cycle and Electrical Divisions were less rewarding. These consumer-durable companies have been subjected to official restraint throughout the year, and there is no discernible prospect of its slackening. Competition became keener for the reduced business available to these industries, and this took its toll on earnings. On the other hand, activity in the capital goods and kindred industries remained at a high level, and kept our Steel Tube, Engineering and General Divisions busy, although margins were under growing pressure.

Our steelmaking companies served with valuable effect the main purpose for which they were acquired and are being developed—that of assuring us adequate supplies of the high quality steels we must use. But they were unfairly burdened by having to carry last autumn's additions to their basic coal and wage costs, and a

heavy price increase of fuel oil, without being permitted anything like adequate recompense in their own prices. The argument that cost increases on this scale should be absorbed by higher levels of productivity, affords shallow comfort when this is prevented by official restraints on demand, and when, in any case, the higher productivity is impossible before necessary development schemes are completed. In the circumstances, our steel companies did well on a much increased turnover.

I referred last year to our intention, when circumstances permitted, of reverting to our earlier practice of dividing the year's distribution equally between the interim and final payments. An interim dividend of 7 per cent was, therefore, paid in May, equivalent to half the effective total dividend of the previous year. After careful consideration of the relevant circumstances, including national policy, your Directors recommend a final payment of 7 per cent, making again a total distribution for the year of 14 per cent.

There has been no significant change in the capital structure of the Group, and, I may say, none is contemplated. The small increase in the Share Capital results from the purchase of the remaining Ordinary shares outstanding at July 1960, in Raleigh Industries Limited; the premiums attaching to them are included in the increase in Capital Reserves. The main change to the Balance Sheet arises from the consolidation of the Raleigh Industries, Loewy Engineering and Venesta Foils companies, which were last year included in the accounts as unconsolidated subsidiaries at £19.9 million. We do not intend to consolidate our sub-subsidiary, Canadian British Aluminium, which operated at a substantial profit during the year.

I referred last year to the arrangements we were making to put the finances of the B.A. Group on an independent basis, not least to enable the Company itself to raise funds as necessary for its further development. These plans matured and subsequently by medium term borrowing totalling £9 million at advantageous rates in the Swiss capital market, B.A. has repaid its debts to its bankers and to TI. These Swiss loans, together with the £3½ million Debenture Stock of Raleigh Industries, account for the substantial increase in the consolidated liability under Loan and Debenture Stock. None of it relates to new borrowing by the TI Parent Company.

£75 MILLION DEVELOPMENT PROGRAMME

It was not to be expected that the capital developments for which we issued new Ordinary capital in the spring of 1960 would yet have reached the stage of expenditure on any commensurate scale; of the £23 million gross additions to fixed assets £14 million are in respect of the newly-acquired companies. Whilst substantial progress has been made on a number of important capital projects, the rate of expenditure will now accelerate, reaching its peak in about three years.

We estimate that the capital cost of our development programme (excluding the aluminium companies) will be approximately £75 million, spread over the next five years or so. Financing it should not set a serious problem. With our existing quick assets of £25 million

(excluding B.A.), plus our cash flow calculated on a conservative basis, and allowing for additional working capital, the borrowing necessary will be quite short term and comfortably covered by our banking facilities, without affecting dividend policy.

The completion of the programme should ensure our ability to meet the challenges and the opportunities which an uncertain future is certain to present. It represents no more than a continuance, at a somewhat faster tempo, of our post-war policy of modernisation and expansion and carefully-planned rationalisation or production, which has served so well in recent years.

INTERNAL EXPANSION

By this policy, our growth over the post-war years has stemmed much more from the development of our own businesses than it has by the acquisition of new companies. By far the most substantial acquisitions in TI's forty-odd years' history have taken place during the last five years. In this respect, these five years have been exceptional and are, therefore, hardly representative. But during this period, when the disposable resources of the Group have increased by £120 million, £65 million—or over half—have been devoted to the expansion of our traditional business, to the development after purchase of acquired companies, and to the provision of additional working capital. During this same period, Group earnings have increased by 85 per cent, of which one-half has come directly from the companies in TI before 1956. This represents an effective growth rate of these companies of 8 per cent per annum.

The facts show that this policy of controlled and balanced development has been sound. In this critical time of change, a valuable degree of co-ordination and rationalisation has, by it, been firmly established in the aluminium, cycle and precision steel tube industries of the country. In each of our Divisions concerned, and also in the Engineering Division, the integrated whole has acquired a strength far beyond the sum total of the parts operating as separate units. Our competitive power is correspondingly greater: and it is still growing.

We are now proceeding with a £31 million scheme, to be completed in 1964, covering a new low cost steel works and primary and strip mills. It will raise Park Gate's productive capacity from 425,000 to 800,000 ingot tons a year. This extra capacity will be adequate for our needs as far as can be seen at present. It will give the Division a total production potential of 1,300,000 ingot tons a year, and will place us among the most up-to-date and cheapest producers of steel in Europe.

The motive force which generated this important scheme was the need to bridge a gap in TI's future supply of tube steel which threatened to assume serious proportions in the next few years—a situation of the kind from which we suffered so heavily after the war—and which originally forced us into steelmaking. The new project will reduce our dependence on outside supplies by more than 200,000 tons a year, thereby giving an assured market for well over half of the additional capacity.

HIGHER EXPORTS TO EUROPE

We are pleased, though not satisfied, with our

export performance. TI's intake of export orders was £34 million, plus £8 million by B.A. A significant change has been a more balanced distribution of our exports as between Divisions. The Cycle Division has regained its former lead, but, whereas a few years ago over 75 per cent of our direct exports were made by the Cycle and Steel Tube Divisions, now our sales are more evenly divided between four, including the Engineering and Aluminium Divisions.

Our total direct exports accounted for more than 1 per cent by value of all the exports from the United Kingdom, or 2 per cent of the country's total exports of metals and engineering goods. The Commonwealth and the United States of America took 43 per cent and 12 per cent respectively; and exports to Europe increased by over 30 per cent, representing 21 per cent of our total.

CURRENT OUTLOOK

I have reviewed TI's main affairs in a year when the country once again has run headlong into serious balance of payments difficulties. The familiar measures, with their regular disruption of industrial effort, will no doubt be effective in time in restoring our exports to an acceptable level. They have already damped down home demand generally, but as yet there has not been the compensating improvement in business from abroad.

Our results for the current year, of which only seven weeks are known at the time of writing this statement, must depend to some extent upon how short or long this transition period will be. These are obviously not the circumstances in which one could make predictions with any confidence; neither are they those which might be expected to herald another record-breaking year. I do say without hesitation, however, that TI is in a strong position to make good use of all its trading opportunities, and will be intent on doing so.

COMMON MARKET

I believe the Government is right in seeking admission to the Common Market. In the world of today, we virtually have no other choice. It has become clear that the consolidation of an Atlantic Community lies now through Europe, not outside it. After a second bout of self destruction in a generation, Western Europe's economic revival has proved the vitality of the region and the important part it could play in the world through its economic strength and political influence. Europe might succeed in playing this part without Britain. But I would prefer not to speculate on what Britain's prospects would be if we stand aloof—if the Common Market succeeded without us—or if, without us, it fell apart under pressure of political discord.

Britain's need for larger markets is imperative. We require wider scope for mass production and specialisation. We must look for partners absorbed, as Britain is, in technical progress, and we must associate with other advanced industrial countries in sharing the burden and fruits of research. In reality, these partners can only be found in Western Europe.

I do not understate the initial cost of joining. For some time, we in TI have been making our plans on the assumption that Britain will join the Common Market. We are not dismayed at the effects this is bound to have on us all. We look upon Britain's joining as an opportunity and a challenge, which should eventually bring the greatest good to the greatest number in this country and in the Commonwealth.

PETER BROTHERHOOD LIMITED

LARGER SALES BUT SMALLER PROFIT

SATISFACTORY ORDER BOOK

MR WILLIAM THOMPSON'S SPEECH

The fifty-fourth annual general meeting of Peter Brotherhood, Limited, was held on November 14th at Winchester House, Old Broad Street, London, EC, **Mr William Thompson, MIPE**, chairman, presiding.

The secretary, Mr Joseph Gerrard, having read the notice convening the meeting and the report of the auditors,

The chairman said: Ladies and gentlemen, I feel my first duty, while presiding for the first time over our annual general meeting, is to express our deep regret that, during the past year, Mr A. Marcus Neal, after fifty years with the firm, including some twenty-five as Chairman and General Manager, indicated his intention to retire from the firm's service.

Without attempting to assess the total value of Mr. Neal's activities during his management, there is no doubt that his intimate knowledge of the business of the company, his experience, his judgment and, above all, his ready guidance in all matters will be much missed by all those with whom he worked. All who know Mr Neal will wish him a long and happy retirement.

NEW DIRECTORS

Additions to the Board during the year have been Mr K. Grant, whose promotion to the position of Assistant General Manager was reported last year, and Mr A. F. Wainwright, who has been our Chief Accountant for the past twenty years.

The appointment of these two gentlemen has caused general satisfaction and will, I am sure, be to the benefit of the firm generally.

As you will see from the Directors' Report you will be asked to confirm the election to the Board of Messrs. Grant and Wainwright later in the proceedings.

THE ACCOUNTS

Before dealing with the question of the profit for the year I should now like, with your permission, ladies and gentlemen, to refer very briefly to the accounts.

From the Balance Sheet, on the Asset side, you will notice there has been an increase of £28,536 since last year under Fixed Assets which, in the main, is accounted for by the increase in the value of Fixed Plant and Machinery amounting to £23,956. This item is being constantly reviewed by your Board who realise the importance of keeping up with the latest machine tool practice which, as you will understand, has a fundamental bearing on efficient production.

Stores and Work in Progress at £1,589,026 show an increase of £216,358 over the 1960 figure. As the increase in the value of Stores amounts to £69,776, it follows that the Work in Progress has increased by £146,582. This, I should point out, is a figure which varies from year to year according to the class of work going through our shops during the period under review.

Debtors and Prepayments at £666,726 and Cash and Tax Reserve Certificates at £466,229 show an increase of £105,394 and £41,113 respectively over the 1960 amounts. These figures, I think you will agree, indicate that the liquid asset position is being well maintained.

The only other figure I would refer to is the surplus of Current Assets over Current Liabilities, which, as you will observe, amounts to the satisfactory figure of £1,349,879.

FIGURES REFLECT LARGER ORDER BOOK

A reference to the Liability side of the Balance Sheet shows Current Liabilities and Provisions at £855,959 as compared with £586,265 for 1960, an increase of £269,694, made up, in the main, by the increase in the amount of the Creditors figure. This figure reflects a larger order book, a remark which also applies to the increase in advance payments amounting to £99,533.

Before we leave this section of the accounts I should like to draw your attention to the Capital Commitments figure of £122,000 for machinery and equipment on order at March 31st to keep our foundries and machine shops thoroughly up to date. Of this amount equipment to the value of £38,000 has already been delivered, while further orders to the value of £62,000 have since been placed by us.

SALES, PROFIT AND DIVIDEND

Sales show an increase of 13 per cent over last year's figure but, as our Chairman, Mr Neal, informed you in his statement last November, a proportion of this work had been taken at very keen prices which were bound to lead to a reduction of Profit for the year now under review.

Accordingly from the Profit and Loss Account I have to report a Profit of £421,120, before taxation, against a comparable figure for 1960 of £509,859.

Of this Trading Profit of £421,120 provision for taxation absorbs £212,800—leaving us with a net profit for the year, available for distribution and allocation, of £208,320, against £268,859 last year.

The question of a Dividend has been considered by your Board who feel fully justified in recommending a Final of 20 per cent., less tax, making, with the 5 per cent, less tax, Interim Dividend already paid, a total of 25 per cent, less tax, on the Ordinary capital.

In addition to the payment of the above mentioned final dividend and allowing for the Preference and interim dividends already paid, we further recommend the allocation of £25,000 to General Reserve, bringing this reserve to a total of £550,000, and the addition of the balance of £16,980 to Carry Forward, bringing this surplus to a total of £184,195.

FULL EMPLOYMENT FOR SOME TIME

I would now like to refer to future prospects and to inform you that at the moment we have a most satisfactory order book which will ensure the full employment of our plant capacity for some time to come.

The skilled labour position has shown a decided improvement in recent months and this additional labour, combined with the benefit of the recently acquired machine tools referred to above, will, I am sure, result in an increase in output during the current year ending March 31, 1962.

The general tendency in engineering towards increased overhead expenses and reduced profit

margins must not be overlooked, but in view of our anticipated additional output, it is expected that the profit for the year will also show an improvement.

Looking further ahead, we already have orders which will ensure working to full capital well into the following year and your Directors are confident that, given reasonable economic and political stability, the continued prosperity of your Company is assured.

RHOKANA CORPORATION LIMITED

(Incorporated in Northern Rhodesia)

ADVERSE EFFECT OF LOWER COPPER PRICES

UPWARD TREND IN WORLD CONSUMPTION CONTINUED

The following is an extract from the review by **Mr H. F. Oppenheimer**, the chairman, which has been circulated with the annual report and accounts:

The lower copper prices prevailing during the year and the voluntarily reduced sales resulted in our gross profit from mining operations of £8.3m. being £1.9m. less than in the previous year. The adverse effects of the world market were partially offset in our case by a reduction in the unit costs of mining and treating copper. On the other hand, the cost of production of cobalt rose sharply and operations resulted in a small loss.

Our investment income of £4.87m. was £0.65m. higher than last year, mainly owing to the receipt of the Bancroft Mines maiden ordinary dividend, and our total gross profit was £14.37m. Taxation has to be provided at the increased rate of 8s. in the £ now applicable to public companies in the Federation, and our net profit was £10.95m. compared with £11.53m. last year.

The increased tax rate has also necessitated the provision of £0.26m. in respect of additional tax on last year's profits. The directors have appropriated £1.5m. for capital expenditure, placed £0.25m. to general reserve and have recommended the maintenance of the final dividend at 5s. 6d. (net), which together with the interim dividend of 1s. 6d. makes an unchanged 7s. (net) for the year.

COPPER MARKET

At the beginning of our financial year in July, 1960, the cash price of copper on the London Metal Exchange was £254 per ton, rising to £260 later in the month. From August prices steadily receded until, in October, a low point of £218 per ton was reached.

Early in October, 1960, the two producing groups in Northern Rhodesia and certain major producers in North America and in the Congo decided to impose voluntary cuts in production or in sales with a view to correcting the imbalance between supply and demand. In the first quarter of 1961 similar action was taken by other major producers in South and North America and, at that time, it was estimated that the flow of copper to world markets would be reduced by some 250,000 tons per annum. Two of the North American producers have since returned to normal production and the effective

TRIBUTE TO STAFF AND WORK-PEOPLE

In paying tribute to the staff and work-people I would like to offer my thanks for the efforts made by them to satisfy our heavy delivery programme during the past year.

This has entailed many hours of additional work and my Directors and I wish to express our appreciation of their willing co-operation.

The Report and Accounts were unanimously

reduction in copper supplies is now probably of the order of 180,000 tons annually.

Largely as a result of these measures the downward trend in prices was arrested and at the end of December the market closed at £228 per ton. During the first nine months of 1961 prices on the London Metal Exchange remained relatively steady with a low point in January of £216 per ton and a high point of £248 per ton in May.

LONG-TERM OUTLOOK

The past 12 months have not been free of strikes among the world's major producers. Apart from short shutdowns at various properties, there was a six weeks' strike in October, 1960, at Chuquicamata which resulted in an estimated loss of output of some 35,000 tons. During August and September, 1961, further strikes in Chile and in North America caused losses in copper production amounting to upwards of 60,000 tons. Despite this loss of copper on world markets and political uncertainty in parts of Africa there has not been any hardening in prices. The long term prospects nevertheless remain encouraging. The era of major expansion in the world's productive capacity appears to have come to an end and the upward trend in consumption promises to continue.

The increase in the cost of cobalt production to which I have referred was due mainly to difficulties in recovery and to a reduction in the overall grade.

The political developments in Katanga and the unrest in the Northern Province of Northern Rhodesia did not affect production at Rhokana, which continued uninterrupted throughout the year.

SABOTAGE IN NORTHERN PROVINCE

There has recently been a spate of attempts at sabotage of communications and public buildings apparently arising from the dislike expressed by some African nationalists of the amended constitutional proposals for Northern Rhodesia. The main campaign of sabotage and arson has, however, been centred in the Northern Province, hundreds of miles from the Copperbelt. I am glad to say that the incidence of violence has been contained by firm Government action. There is not much hope of any constitution working until widespread intimidation and violence are eliminated and I trust that those who are in a position to bring the unrest to an end will come to realise that no good will be achieved for the country or themselves by pursuing their political objectives by such means.

The influence of political unrest and uncertainty in Northern Rhodesia and in the Congo over the past year has inevitably been felt by our employees, European and African alike, but they have nevertheless continued to provide the same high standard of service and loyalty as in the past.

Copies of the annual report and accounts are obtainable from the London Office of the Corporation, 40, Holborn Viaduct, E.C.1.

adopted and the proposed dividend was approved.

The retiring directors, Mr. G. W. Wilks, TD, FCA, Mr Kenneth Grant, AMIMechE, AMIMarE, and Mr A. F. Wainwright, were re-elected and the remuneration of the auditors, Messrs. Whinney, Smith & Whinney, was fixed.

The proceedings terminated with a vote of thanks to the chairman, directors, staff and work-people.

MIDLAND INDUSTRIES LIMITED

INCREASED TURNOVER OFFSETS LOWER PROFIT MARGINS

The fifteenth annual general meeting of Midland Industries Limited was held on November 9th at Wolverhampton, **Mr J. H. Bean, CBE** (the chairman), presiding.

The following is an extract from his circulated statement:

The modest optimism I expressed in my statement last year has been justified by events. In common with many other concerns we have had to meet higher costs both of materials and labour and to accept lower profit margins, but this has been counteracted by increased turnover, the net result being increased profits by all members of the Group.

The Group trading profit at £141,539 is an improvement of some £34,000 on last year. After providing for increased taxation, the net profit at £66,239 shows an advance of about £13,000 over that for last year.

We are recommending a Final Dividend on the Ordinary Shares of 4½d. per share, less tax, making a total of 7d. per share, less tax (same).

The Boston Companies are now wholly located at Heath Town Works, resulting in economies of administration and improved production efficiency.

The products of the Boston Companies are being well received. The Hoskinson Smokeless Incinerator is finding its way into the plant of many of the larger organisations in this country.

The Take-Off machine for plastics, rubber and metal extrusions is accepted as one of the best produced.

The Fordhouses factory of Bettles & Sons Ltd. has enjoyed a very successful year.

During the past year the Parent Company has finalised and brought into full-scale production a new series of "MIL" Hydraulic Loader while still retaining production of the former models for which the demand continues.

In the Steam Division the demand continues for the well-tried and almost indestructible "MIL" Thermostatic Traps. Increases were achieved in the sale of Pressure Reducing Valves and other accessories produced by the Steam Division.

Orders during the first quarter of the current year for the products of the Group in general are in excess of those for the corresponding period of last year, but, profit margins are narrowing. However, providing trading conditions do not further deteriorate, I feel there are reasonable prospects for a satisfactory year.

The report and accounts were adopted.

Chairman's Statement: RHODESIAN ANGLO AMERICAN LIMITED
Incorporated in Northern Rhodesia

Political Issues have Tended to Obscure Steady Economic Progress in the Federation

ENCOURAGING DEVELOPMENTS IN INDUSTRIAL AND SOCIAL RELATIONS

Mr H. F. Oppenheimer Stresses Need to Accelerate Development of Country's Resources

The following is from the statement by the Chairman, Mr H. F. Oppenheimer, which has been circulated with the annual report and accounts:

During our financial year the majority of copper producers in the western world decided to impose cuts in production or sales to restore the balance between copper supplies and demand. These measures helped to arrest the downward trend in price, which had reached a low point of £218 per ton in October, 1960, and since then the price has remained relatively stable. The three copper-producing companies of the Anglo American Corporation Group, Rhokana Corporation, Nchanga Consolidated Copper Mines and Bancroft Mines, from which the major part of our income is derived, decided in October last year to withhold 10 per cent of their production from the market.

The profits of all three companies were affected by the lower copper price and the cut in sales, but Bancroft suffered proportionately more owing to its higher cost of production. Rhokana and Nchanga were able to maintain their dividends, but Bancroft has recommended a reduction from 1s. to 9d. net per stock unit for the year, in view of the lower profits and the programme of capital expansion. In the result our net profit for the year of £7,251,275 was slightly higher than in 1960.

After recommending a final dividend of 6s. net, which with the interim dividend of 2s. gives the same distribution as last year, we have been able to transfer £1,876,571 to general reserve. After the transfer from this year's profit and from investment reserve the general reserve now stands at £9,250,000.

OUTLOOK FOR THE FEDERATION

Our Company's prospects depend so much on the future of the Federation that members may like to have some assessment of the political and general situation. Seen from outside, the Federation may appear during the last year to have undergone a series of political crises, to have had a stagnating economy, and to have made little progress along its avowed path of partnership. Certainly if stock exchange prices are a fair indication of Britain's and the Continent's view of the future of the country, they show little confidence, with Federal Government stock yielding around 9 per cent and copper mines with large ore reserves standing on a yield basis of about 16 per cent net after Federal taxes.

Nevertheless in my opinion it has been a year of great and heartening progress politically, economically and socially. Outstanding in the political field was the Referendum in Southern Rhodesia where by a two to one majority the electorate—at present largely European—voted for a new and progressive constitution. There has been a tendency to regard this constitution simply as one which, by the introduction of a separate lower roll, will give Africans 15 seats in an enlarged Assembly of 65 members. That may well be one immediate result; but in addition to the provision in this way of African representation in the Assembly, and an immediate increase in the total number of African voters, the non-racial character of the franchise will soon lead, with normal educational and economic progress, to significant African numbers on the upper roll as well. To my mind it is wrong to consider these changes necessarily in terms of racial conflict, as most of the existing political parties have members of all races and this tendency is increasing.

The party in power in Southern Rhodesia took the situation further forward at its Congress last month by voting without opposition that the Government should press ahead with legislation to allow the acquisition of land anywhere in Southern Rhodesia without regard to race (except that the Reserve land should continue to be protected for the benefit of its African inhabitants), and to facilitate the absorption of urban Africans into a non-racial community. At the same time it voted to introduce legislation after the next election to ban racial discrimination in public places; in fact many hotels and cinemas in Southern Rhodesia are already non-racial. In Northern Rhodesia, where the major interests of our company are established, similar legislation was introduced in September, 1960, and, after a few minor incidents, the new order has worked well.

However, the indecision over the constitutional plans for Northern Rhodesia led to some loss of confidence within the Territory and to a series of acts of arson and sabotage mainly in the Northern Province. The purpose of this lawlessness appears to have been to persuade the British Government to revise the constitution it announced in June. Whether or not these proposals are revised, it is certain that the influence of African voters will grow very rapidly, and this is a concept which is becoming increasingly accepted in Northern Rhodesia. The situation as I write is now calm; and in fact at the time it was clear that the incidents caused

anxiety and resentment among large numbers of the African population.

The future constitutional shape of the Federation is still undecided and no date has yet been set for the Federal review talks. The Malawi Party now in power in Nyasaland has continued to voice its opposition to the Federation, but I remain convinced that Federation provides greater prospects for economic advance and for stability than the three territories could achieve individually; and certainly the facts of economic progress since federation are impressive.

While I do not regard economic progress as a substitute for political advance, equally I believe that immediate universal suffrage in these territories carries the risk of a sharp decline in living standards, and that the considerable number of Africans who favour qualifications for the suffrage can in no sense be called stooges because they support responsible Government. Very shortly after the start of Federation I said that its chief problem was poverty and, although since then there has been a great improvement in living standards, poverty and unemployment are still the major problems.

ECONOMIC PROGRESS

While there have been great advances in industrial activity, a firm foundation for an expanding economy in the Federation can only be assured by extensive rural development, leading to a general increase in cash earnings above the subsistence level by the majority of the people in the rural areas where 80 per cent of the population live. Rural development, in my view, is not only the best immediate means of widening employment and providing better living standards for the lowest capital cost, but should in turn lead to increased industrial activity. All three territories are working on schemes for land settlement and greater productivity, and our Group has indicated to the Federal Government our readiness to make loans available to assist this type of development.

The concentration of attention on political issues has tended to obscure the steady progress made by all sections of the economy apart from the building industry. The level of industrial activity in all manufacturing groups was 9.8 per cent greater in 1960 than in 1959 and there is every indication that this year will again show substantial progress.

In the sphere of mining there has been further expansion. In Southern Rhodesia the

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value of mineral production was £26,380,000 in 1960 compared with £25,003,000 in 1959. In Northern Rhodesia, our Group is engaged on three major schemes involving an aggregate estimated capital cost of £15 million.

Similarly, the Rhodesian Selection Trust Group's Mufulira Mine, in which we have a substantial interest, has been engaged on a major expansion scheme involving the development of the Mufulira West Orebody.

On the Copperbelt, and at Broken Hill and Wankie, the year has seen considerable progress in industrial and social relations. Last year I referred to the preliminary agreement the copper mining companies had reached with the European-controlled Northern Rhodesia Mine Workers' Union to establish a unified wage scale with no racial bar to progress. Although in our subsequent negotiations with the Northern Rhodesia African Mineworkers' Trade Union on the implementation of these proposals we are meeting many difficulties, I am hopeful that in due course we shall reach agreement. Meanwhile Africans and Europeans are being trained side by side in the underground schools at Nkana and Nchanga to qualify for jobs previously attainable only by Europeans. We are also negotiating with the Mines African Staff Association for the advancement of Africans in the staff field. All our African employees on the copper mines have this year been brought into the Group Pension Scheme which will give them greatly enhanced security and benefits. At Wankie, as a result of new industrial agreements in Southern Rhodesia, it is intended that European and African mineworkers will for the first time be represented by a single trade union as has already happened with officials and salaried staff of all races. The mines now have football, athletics and other sports sides in which the races participate together and I would particularly like to mention the outstanding success of the Wankie football team, which reached the final of the Southern Rhodesia Amateur Cup.

BREAKING DOWN OF SOCIAL BARRIERS

The first children to benefit from the creation of The Northern Rhodesia Educational Trust by the Copperbelt mining companies were admitted to schools in 1960. About 2,400 children have so far started their primary education in new schools or classrooms built with Trust money and this year five Trust secondary schools have been opened. Plans are in hand for the construction of a new college at Mufulira to provide additional teachers.

The College of Social Service at Lusaka, named after my father, is to receive its first intake of 33 students in January next year. The enrolment includes African, European and Coloured students, both women and men, drawn from different territories in Southern and East Africa. The Outward Bound School in the Chimanimani Mountains has run three very successful courses on non-racial lines as part of a pilot project, and the permanent school is to be started next year to take about 250 boys a year from all over the Federation. With the facilities shortly to be available at such institutions as the Bernard Mizeki School, St. Ignatius College and the Nyatsime College, substantial numbers of Africans will now be able to provide their children with a public school education.

All these projects have called for considerable contributions from both firms and individuals, and it is most impressive how much time, energy and money some citizens of the Federation are ready to devote to these causes. There has also been a most encouraging increase in the pro-

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vision of services, training and amenities on a non-racial basis by voluntary organisations.

While I do not for a moment suggest that there are not still grave political, social and economic problems, credit should be given to the substantial advance that has been made. It is, I think, generally realised now that in the spectacular economic progress of the first three or four years of Federation attention was diverted from urgent social and political problems, but an outstanding effort is being made to make up for the time and opportunities that were lost.

BLYVOORUITZICHT GOLD MINING COMPANY, LIMITED

(Incorporated in the Republic of South Africa)

The Twenty-fourth Ordinary General Meeting of shareholders will be held in Johannesburg on November 21, 1961.

The following is an extract from the circulated review of the affairs of the Company by the Chairman, Mr T. Reekie, dated November 2, 1961.

WORKING RESULTS

The results achieved during the year under review established many new records for the Company. A new record profit from gold production of R15,965,384 was attained and the profit from the production of uranium oxide and sulphuric acid, at R3,779,000, was also the highest recorded by the Company.

DEVELOPMENT AND ORE RESERVE

The footage developed underground also exceeded previous rates. Due, however, to the need to provide connections between the new "B" series of sub-incline shafts and the recently completed "A" series and to advance the three cross-cuts from the vicinity of A2 Sub-Incline Shaft to connect with the new No. 4 Vertical Shaft which is being sunk from the surface, the additional development footage was all off-reef. In the lower grade western section of the mine, however, development continues to be of an exploratory nature on the reef horizon. About 35 per cent of the footage developed on reef was in this lower-than-average-payability area, but nevertheless the general payability of reef disclosures fell off slightly in association with a small reduction in the channel width of the reef. It is not possible at this stage to determine whether or not this represents any persistent trend. It is of interest to note the establishment of some new ore reserve blocks in the section towards the western boundary of the property.

The available ore reserve, all on the Carbon Leader Reef, re-estimated at June 30, 1961, increased by a little over one per cent to 4,531,000 tons, there being a small decrease in the gold and uranium values and in the stoping width.

NO. 4 VERTICAL SHAFT

Sinking progress during the year under review was satisfactory and, at the year end, the shaft had reached a depth of 2,472 feet below the surface. Since July, however, the intersection of a series of water-bearing fissures has necessitated further cementation and caused some delay. It is clear that considerably more serious delays

I continue to believe that the Federation, given proper encouragement, constructive criticism and time, has a great chance of creating a genuinely non-racial society with a prosperous economy. To this end it is vital that immediate action should be taken to accelerate the development of the country's resources and so to provide better living standards for the mass of the population. It is my hope that our Group will continue to contribute to this advance.

Copies of the annual report and accounts are obtainable from the London office of the company, 40, Holborn Viaduct, E.C.1.

and difficulties would have been encountered in this badly fissured zone had pre-cementation of the shaft area not been undertaken in the first instance. Sinking operations were recommenced early in October, and steady, if slow, progress through this 240 feet is expected.

The three haulage cross-cuts which are to link No. 4 Shaft with the rest of the mine, two on the 6th level and the third on the 8th level, were advanced steadily during the year.

ACCOUNTS

The working profit for the year from gold, uranium and sulphuric acid of R19,744,384 was increased by sundry net income to a total profit of R19,987,231. Appropriations made for taxation, mineral lease consideration, dividends, repayments of the capital portions of the uranium and acid plant loans, and current net expenditure on mining assets, exceeded the total profit by R564,590, which amount was accordingly charged against the balance of the Income and Expenditure Account, thereby reducing it to R5,531,851 at June 30, 1961. Revenue Reserves, including the unappropriated balance, plus the small unexpended balance of the uranium and acid loans, were represented by net current assets totalling R5,974,154. Of the total loans obtained to construct the uranium and acid plants, R2,982,510 remained at June 30, 1961, to be repaid in equal quarterly instalments over the ensuing 2½ years.

Of the R2,829,591 spent on Capital Account during the year, approximately two-thirds was spent on the new No. 4 Vertical Shaft and its ancillary requirements, the remainder being mainly spent on the preparatory work and winders for sinking the "B" sub-inclines, pumping equipment. Of the R4,600,000 which it is estimated will be spent during the current year, No. 4 Shaft will again absorb about two-thirds, while the "B" sub-inclines will require approximately R900,000.

In relation to the total profit for the year of R19,987,231, the provision for taxation and mineral lease consideration represented 51.9 per cent. The two dividends declared were each of 13 cents per share, and equalled 31.2 per cent of the total profit.

URANIUM

The Board considered it to be in the Company's interest, provided it could be done without financial loss, to keep the uranium and sulphuric acid plants in production for as long as possible in order to be in a better position for taking advantage of any revival in the demand for uranium. Under the revised arrangements the Company's plants will be in operation until the end of 1966, and over the increased period there is expected to be a financial gain compared with what the Company would have received under the previous contract which was due to expire in December, 1963.

BRITISH ASSETS TRUST LIMITED

IMPORTANCE OF SELECTIVE INVESTMENT

MR ALASTAIR C. BLAIR ON COMPANY'S RECORD OF PROGRESS

The Sixty-Fourth Annual General Meeting of British Assets Trust Limited will be held on December 7, 1961, at the Registered Office of the Company, 9 Charlotte Square, Edinburgh.

The following is the Review by the Chairman, **Mr Alastair C. Blair, CVO, WS**, which has been circulated with the Report and Accounts for the year ended September 30, 1961:

Shareholders who keep their Annual Reports may find it both interesting and instructive to look up their report for the year to September 30, 1957, and to read my review at that time. Bank rate had been raised to 7 per cent as happened again this year; our investments had a market value of just under £20 million, a level at which they had stood for two years after a previous sharp rise, and our income had reached £1.1 million. At that time we looked forward to a slight fall in our income which duly happened in the following year but was succeeded by three years of steady growth so that our income has now reached £1,340,000.

RECORD VALUE OF INVESTMENTS

The market value of our investments at £30,884,000 is a record for a year-end and is 9 per cent higher than a year ago although the Financial Times Industrial Index had fallen during the same period from 322.9 to 297.1. This result stems largely from our holdings of American stocks where the market which had lagged behind the British market for two years has been rapidly catching up. There has also, however, been a marked divergence of experience over the past year between different industries and different companies which has been masked by the index. This is where one can see the importance of selection of investments, and it is satisfactory that the total value of our sterling investments is virtually unchanged from a year ago in spite of the fall in the index.

The advantage to the ordinary investor of professional management of his funds through an investment trust only becomes fully apparent at a time of widely divergent trends. During the fifties it was comparatively easy for the investor to do well. In the last two years it has been harder and we expect that it will continue to be difficult during the decade to 1970, but we still believe that there will be plenty of good opportunities.

In 1957 when our foreign currency reserves were, as they are now, much in the news, we published a graph showing the rise in our dollar investments. On page 11 of the Report and Accounts we bring this table up to date and you will be interested to see the continuation of the trend and to note that our holdings are now worth \$32 million having a net cost of \$6.8 million which has been covered by the \$7.1 million received as income and remitted to this country in the last fourteen years.

THE OUTLOOK

The future today remains as obscure as it was

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in 1957, and we must expect the Chancellor of the Exchequer's appeal for a pause to be reflected in our income. It is for this reason that I have looked back at the progress we have made in the last four years. We believe that if we continue to follow the policies which have guided us in the past, shareholders will be able to share fully in the increased prosperity of an age which, with all its problems, remains one of great material progress.

Mr H. G. Sharp, who was appointed a Director on April 15, 1931, has now reached the age of seventy-five and under our Article 106 he retires from the Board at the close of the Annual General Meeting. All of us at No. 9 will miss the pleasure of working with him; the Board and Management have relied on his judgment and wise counsel in solving many difficult problems during the past thirty years and I would like to put on record the Company's indebtedness to him for all that he has done during that time.

PICKFORD, HOLLAND & CO.

EXCEPTIONAL TRADING CONDITIONS

The annual general meeting of Pickford, Holland & Company, Limited, was held on November 13th at Sheffield, **Mr Ronald Steel** (the chairman), presiding. The following is an extract from his circulated statement:

This time last year our main customers, the steel trade and the coke oven industry, had been enjoying twelve months of high demand for their products and these conditions continued during the first ten months of our year which ended on July 2nd. It was impossible to keep up with our customers' requirements for basic bricks and all our works were operating throughout that period at maximum capacity. Fortunately for your company the extensions and improvements upon which we have been concentrating in the last ten years were there to meet this unprecedented demand and we have thus been able to show you a trading profit which at £467,863 is 36 per cent better than the previous year.

I referred above to the exceptionally high demand in the first ten months of our year, but I am sorry to say there was a marked falling off in May and June. At the present time we are back to the conditions which prevailed in 1958; steel production has fallen and is still falling, thus reducing the demand for our bricks, and as in 1958 our customers are adjusting their stocks to their new level of activity. In August all work on silica bricks against a substantial coke oven order was suspended because building was being postponed, and on account of this and the fall in general demand we have had to make redundant 50 of our Crook works employees to our great regret. Current sales are running considerably below the level attained in the year under review and our brickmaking plants are not fully occupied; consequently we cannot expect to repeat this year's excellent financial results unless there is an immediate upturn in orders.

As for the future we have modern and efficient plant, a well equipped laboratory and enthusiastic employees, and so I feel convinced our sales department will get our full share of whatever trade the new year may bring.

The report and accounts were adopted and a dividend of 20 per cent approved.

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BERKELEY PROPERTY AND INVESTMENT CO.

RECORD PROFITS, REVALUATION AND SCRIP ISSUE

MR J. H. HAMBRO REVIEW'S ACTIVITIES

The thirty-seventh ordinary general meeting of The Berkeley Property and Investment Company Limited will be held on December 4th at 41, Upper Brook Street, London, W.1.

The following is an extract from the circulated statement of the Chairman, **Mr J. H. Hambro, C.M.G.**

The Accounts show not only increased income from our properties in this country but also from the subsidiaries in Canada and the Channel Islands. In addition, our partly-owned Subsidiary Company engaged in Estate Development has begun to make a worthwhile contribution to our profits.

To give Shareholders more accurate information about the value of our Freehold and Leasehold Properties these are now shown as valued by the Managing Director, **Mr R. F. Willcocks**. This more realistic assessment has produced a surplus of £2,403,120.

The new Valuation which applies only to properties in this country and the Channel Islands and not to those in Canada, has been made on a conservative basis and reflects only those increases in rents which are immediately foreseeable. The surplus created by the revaluation has enabled us to set up a reserve which can be used, when necessary, to cover future fluctuations in the values of individual properties.

Apart from the new reserve, the Holding Company's Balance Sheet shows "free" reserves amounting to £855,079. Having made the decision to revalue our properties it is now proposed to use a portion of the "free" reserves to bring the nominal capital more into line with the real value of the assets. Accordingly we are proposing a free issue of three Ordinary Shares for every ten Ordinary Shares at present held.

It is the intention of your Board to recommend, next year, a dividend on the increased capital at a rate not less than that paid this year on the present ordinary capital, namely 10 per cent., subject, of course, to no unforeseen circumstances arising. I should also point out that this dividend on the increased capital is already covered by existing earnings. Your Board had indeed looked forward to making some increase this year in the final Ordinary dividend but felt bound to accede to the Chancellor's request for a "pause."

In the past we have been able to show a steady annual increase in assets and income and, subject to unforeseen circumstances, we believe that this growth should, particularly if our various developments turn out as anticipated, be more than maintained.

We do not seek a merger and would not be prepared to give serious consideration to any proposition which did not offer to our Shareholders a full value for their assets and a greater rate of growth than is possible with our existing facilities.

THE ECONOMIST NOVEMBER 18, 1961

NEW ZEALAND LOAN AND MERCANTILE AGENCY COMPANY, LIMITED

MR MICHAEL G. H. BROWN'S SPEECH

The Sixty-Seventh Annual General Meeting of New Zealand Loan and Mercantile Agency Company, Limited, was held on November 14th in London.

Mr Michael G. H. Brown, the Chairman, presided and, in the course of his speech, said:

If you accept the strong recommendation of your Board and agree to exchange your shareholdings in this Company for shareholdings in the Company to be called "Dalgety and New Zealand Loan Limited," this will be the last occasion upon which I shall have the honour to preside over a General Meeting of New Zealand Loan and Mercantile Agency Company, Limited with you as Shareholders.

Our Company was originally brought into being in 1865 and has survived through many vicissitudes of fortune for 96 years. It may seem in some ways a pity that it should not live on as a separate Public Company for a further four years, to reach its 100th birthday.

It is interesting, and of some comfort, to think that the Company with which we recommend you should merge your interests has been established even longer than we have and carries a reputation which is as highly regarded as our own within our industry.

Assuming that the merger goes through, it becomes even more difficult to forecast the possible results of the current year's trading. There is no doubt that, in due course, many economies will be effected and these economies will be really substantial. On the other hand, half the year will have passed before the formalities effecting the merger will have been completed and several more months will elapse before the practical problems of consolidating our businesses can be overcome.

Inevitably, the actual process of merging will produce exceptional expenses and these will be incurred before the economies can be achieved. Furthermore, we all know that it is not easy to achieve economies in the home without producing personal problems for members of the family. A somewhat similar situation arises in the life of a large concern and, clearly, you would want us, on your behalf, to see that these problems are mitigated so far as reasonably possible for everyone concerned. This can mean, also, delay in achieving the full benefits of the merger.

In Australia and many parts of New Zealand conditions are dry—in some areas very dry. Unless adequate rains fall and revenue becomes more buoyant than at present, it may be that the combined results for the year ending next June will be lower than the total of the two Companies' independent results for last year.

I feel quite sure, however, that in the year ending June 1963, a substantial part of the economies for which we are looking will play their part in the form of reduced expenditure or increased business, and that other benefits from the proposed merger will accrue over the two or three years after that.

If we did not think that you, as Shareholders, would be likely to receive larger Ordinary dividends from the merged Company than you would be likely to receive from our Company continuing on its own, we should not have recommended this merger to you.

The Report and Accounts were adopted.

COMPANY MEETING REPORTS

Groupeement de l'Industrie Sidérurgique

GIS

PARIS, FRANCE (Iron and Steel Finance)

The Annual General Meeting of GIS was held in Paris on June 30th, and the following are details of the report presented by the Board of Directors:

REVIEW

The French iron and steel industry made remarkable progress in 1960.

Output of steel increased by 13.5 per cent to 17,281m. ingot tons; exports were 2.8 per cent higher at 3,964m. ingot tons; turnover rose by 22.2 per cent to NF. 10,310m. Investments in the iron and steel industry alone, which increased by 24.3 per cent to NF. 1,255 m., reached the highest level yet attained during the period of the Third Plan for the Iron and Steel Industry.

Gross profits of the industry as a whole, before depreciation, taxes and dividends increased to 16.5 per cent of total turnover as against 14.6 per cent in 1959 and 12.9 per cent in 1958. Depreciation amounted to 13.6 per cent of total turnover compared with 11.9 per cent in 1959 and 10.4 per cent in 1958.

INVESTMENTS

Depreciation allowances were almost equal to the whole of the profits for the year after payment of taxes and dividends. Working capital and medium and long-term debts increased appreciably less than turnover. The trend away from public to private investment continued; 69.3 per cent of long and medium-term loans contracted during the year were raised from private, and only 15.2 per cent from public sources.

FINANCE

Since no new loans were guaranteed during the year, and earlier loans were repaid in the usual course, total loans guaranteed fell by about 12 per cent to NF. 182,039,308.

The eighth debenture loan of NF. 340m. issued in September 1960 was similar to the 1959 loan except for the redemption period of 25 instead of 20 years, and was equally successful. From this loan, fourteen companies received credits from NF. 1.5m. to NF. 90m. each.

PROFIT AND DIVIDEND

On April 28, 1961, the capital of GIS was increased to NF. 112.5m. by the issue of 250,000 new shares of NF. 50 face value at NF. 53.50 each.

The profit and loss account showed a net profit of NF. 1,907,591. After crediting the reserves with 5 per cent, adding the sum brought forward from earlier years, and taking NF. 409,836 from reserves, the profit available for distribution amounted to NF. 2,421,052. It is accordingly proposed to distribute a dividend of NF. 0.92 net per old share issued on December 31, 1960.

The report, the accounts, and the proposals put forward by the Board of Directors were adopted.

HARMONY GOLD MINING COMPANY LIMITED

(Incorporated in the Republic of South Africa)

The Eleventh Ordinary General Meeting of shareholders will be held in Johannesburg on November 20, 1961.

The following is an extract from the circulated review of the affairs of the Company by the Chairman, **Mr P. H. Anderson**, dated November 10, 1961.

OPERATIONS AT THE MINE

Negotiations for the sale of approximately 397 claims were started during the year. Although the provisional agreement of sale was not ratified until July, it was essential in the interests of shareholders to increase the development rate in order to prepare for the replacement of actual and potential working faces that were included in the areas that were the subject of the provisional deed of sale. Whether a milling rate of 200,000 tons per month can be maintained or not depends very largely on the supply of labour and on what the present exploratory development programme reveals. In order to maintain the current milling rate, ore will have to be drawn from the area to the south and west of No. 3 Shaft and a development programme to open up and explore this ground has been initiated.

The development and sampling results given for the year ended June 30, 1961, include development and sampling in the northern area of approximately 313 claims sold to the Virginia Company (known as area "A"), but do not include work done by the Virginia Mine in the southern area of approximately 84 claims (known as area "B"). As the sale was ratified in July, 1961, all results of operations given after July 1, 1961, exclude work done on behalf of the Virginia Mine.

Gravity concentration of gold in the reduction plant was finally discontinued during July, 1961, and the plant now operates on full cyanidation only. The plant is capable of milling slightly in excess of its rated capacity of 200,000 tons per month.

SALE OF APPROXIMATELY 397 CLAIMS TO VIRGINIA ORANGE FREE STATE GOLD MINING COMPANY LIMITED

The minimum purchase price of R6,000,000 is payable quarterly and the first instalment of R225,000 was received at the end of September, 1961. Stopping by this Company of 10,000 fathoms in Area "A" as provided in the agreement was completed during August this year, and full possession and occupation of both Areas "A" and "B" has now been taken by the Virginia Company.

URANIUM

The Company produced a total of 487.2 tons of uranium during the year ended June 30, 1961, leaving a balance of 2,806 tons to be supplied from July 1, 1961 until the end of 1970. With the increase in the milling rate it is now necessary to dump uranium-bearing slime that is in excess of the capacity of the uranium plant. At June 30, 1961, the approximate quantity of accumulated slime was 46,000 tons.

FINANCE

The amount spent on capital account, after

allowing for certain credits, amounted to R3,140,249 during the financial year under review. In the Annual Report it was stated that capital expenditure for the three year period from July, 1961, to June, 1964, was estimated at R4,000,000 of which approximately R2,000,000 was expected to be spent during the year ending June 30, 1962. Both the figures may be exceeded slightly, depending on the area of additional land purchased for water disposal purposes.

ANGLO-AMERICAN SHIPPING COMPANY

(A Member of the International Naess Group of Shipping Companies)

CHALLENGE AND OPPORTUNITY

MR ERLING D. NAESS'S STATEMENT

The Third Annual General Meeting of Anglo-American Shipping will be held on December 15th in Bermuda.

The following is the Statement by **Mr Erling D. Naess** to the Shareholders circulated with the Report and Accounts for the year ended June 30, 1961.

As stated in the Directors' Report, the Consolidated Net Earnings of Anglo-American Shipping Company Limited and its Subsidiaries for the year, after providing for depreciation, was £398,818. This was approximately £49,000 more than I forecast at this time last year, and about £99,000 in excess of the estimates published in 1959. These results were achieved despite a slight loss in the operation of "NAESS TRADER," due mainly to unusually heavy repair and maintenance costs incurred during the year. The profits for last year included only approximately six months' earnings from three

BRITISH ELECTRONIC INDUSTRIES LIMITED

MR C. O. STANLEY ON NEED FOR LONG-TERM GOVERNMENT PLANNING

The first annual general meeting of British Electronic Industries Limited was held on November 9th in London, **Mr C. O. Stanley, CBE, LLD, FCGI** (the Chairman), presiding.

The following is an extract from his circulated statement:

For nearly 30 years we have met and dealt with many vicissitudes and changes in the electronics industry, successfully coped with enormous wartime problems and built wartime experience into many new businesses. Yet in a year when Great Britain has had the highest level of employment, the Group of Companies of which I am Chairman produces very disappointing results—results far different from what either the shareholders or the management had contemplated when the merger between Pye and Ekco was first proposed.

The chairman then dealt with the factors contributing to the "present collapse in the television industry," which he said stemmed from the action of the Government in the autumn of 1958, when they suddenly decided to support a policy of intense promotion of spending in the home market. Manufacturers throughout the country had to expand pro-

COMPANY MEETING REPORTS

In addition to the Reduction of Share Premium No. 1 of 3 cents per share, Dividend No. 11 of 14 cents per share was declared on September 15, 1961.

TAXATION

At June 30, 1961 the Company had an estimated income tax loss of R3,269,000 and an estimated loss for lease purposes of R3,753,000, and no South African taxation or lease considera-

new vessels, and it is estimated that, for the current year to June 30, 1962 the Consolidated Net Profit, after depreciation and other charges, should be of the order of £600,000. The remaining vessel of the fleet, "NAESS CHAMPION," is due to be delivered in July, 1962 and, with the additional earnings from this vessel, the annual profit should, subject to unforeseen circumstances, rise to a figure in excess of £800,000.

If the trend which I have forecast is maintained over the next few months, it should be possible for the Directors to consider the recommendation of a Dividend on the Ordinary Share capital for the six month period ending December 31, 1961. However, in this connection, it must be borne in mind that the major part of the cash represented by retained earnings is required to repay loan indebtedness.

The Directors of the Companies forming the International Naess Group, being of the opinion that the various interests of the Companies might with advantage be consolidated, are engaged in exploratory discussions with a view to a possible merger between Norrness Shipping Company, Inc. and your Company. It must however, be emphasised that, apart from the normal considerations affecting the Shareholders in the Companies, any scheme would be subject to the agreement of the long-term lenders and Security Holders in both Companies and to the obtaining of approval from the Authorities concerned. It

duction facilities to manufacture and distribute television and radio sets to meet the huge demand following the removal of all credit restrictions. As the boom developed the country's export trade failed to expand, there was not enough money either to pay for our imports of food or the essential raw materials needed to run our industries. So in April, 1960, when the boom was already dying down, restrictions of the harshest kind were clamped down on the industry.

A RACE TO RUIN

Mr Stanley continued: But a considerable time is taken to slow down factories that have built up large productions, and while this is happening, substantial stocks accumulate all over the country, tying up money, and adding extra overheads for handling and storing. Financially, manufacturers are strained to the limit and suddenly the weaker companies break. This happened in December of last year and the stocks held by these companies had to be thrown on the market at what we would call distress prices, thus setting a race to ruin.

A Socialist will say this is what happens when you have no Government planning, but most of us had a terrible experience of Socialist planning between 1945 and 1951. But long-term planning is what was needed and what is still needed. Planning need not be carried through by a Government machine but could result from the co-operative association, on a democratic basis, between industry, trade unions, profes-

THE ECONOMIST NOVEMBER 18, 1961

tion was payable during the year under review. At September 30, 1961, it was estimated that the tax loss had practically been extinguished and it is evident that taxation should be payable during the current financial year. For the purpose of making a rough calculation, the combined tax and lease payments that the Company will make to the State, in terms of existing legislation, will be approximately 71 per cent of any profit (less capital expenditure) that is in excess of 6 per cent of revenue.

will be appreciated that the last-mentioned matters are beyond the control of the Directors of the Companies but, if sufficient progress can be made, the Shareholders will be informed and proposals submitted to them.

In regard to the outlook for the Companies' shipping operations, I would like to reiterate what I said at the Second Annual General Meeting about a year ago. The trade in which our Group is engaged—namely, the transportation of bulk commodities on a world-wide basis—is a growth industry which offers great opportunities to those who are willing to accept the challenge of fierce competition and rapid change. Our minds must at all times be open to new ideas, new doors which open, new concepts of sizes and types of ships, as well as new trade routes and markets, in order to make progress in an industry which is in its fifth year of depression. With our excellent connections, modern tonnage and energetic management, I feel confident that, even if the depression in freight rates should run the full term of the Biblical seven lean years, or maybe more, our Shareholders should not have reason to be dissatisfied with their investment.

It has taken a lot of time and painstaking work to arrive at the point where our Company finds itself today, and my co-directors and I pay tribute to the Company's staff, both ashore and afloat, for their loyal efforts and collaboration in the past year.

sional economists, and the Government of the day.

POTENTIALITIES OUTSIDE TV MARKET

Mr Stanley then outlined the interests of the Ekco business not associated with radio and television, i.e. light transistorised airborne radar, nucleonics, heating appliances and plastics and then gave a picture of the potential strength of the Pye electronic group in fields entirely outside the popular television consumer market mentioning inter alia, The Telephone Manufacturing Company, Pye Telecommunications, three companies in the home electrical appliance group, the scientific instrument companies, Pamphonic Reproducers, overseas interests in Italy, New Zealand and Australia, a substantial investment in ATV, investments in British Relay Wireless and Television and Pye Records, and interests in Ireland.

Mr Stanley continued: I have only been able to deal with some of the facets of your company which may influence the future, irrespective of what happens in the domestic television business. I do not say that within a matter of a few months we can entirely get rid of the damage which was done last year, but I can say that the foundations we have built in industries other than domestic television are so broad and have such great possibilities for the future that anything we have done in the past will be very small compared with what we can do in the future.

The report was adopted.

THE ECONOMIST NOVEMBER 18, 1961

THE WALMSLEY (BURY) GROUP

(Manufacturers of Pulp and Paper Making Machinery and Equipment)

RECORD VALUE OF CURRENT ORDER BOOK

The twenty-ninth annual general meeting of The Walmsley (Bury) Group Limited will be held on December 8th at Bury.

The following is an extract from the circulated statement of the chairman, **Mr Percy Holland**:

The consolidated profit for the year ended June 30, 1961, is £691,589 as compared with last year's figure of £927,057. After charging taxation, and after relief from taxation of £121,715 in respect of investment and initial allowances, the profit becomes £454,898 against £463,607 for the previous year. We are proposing a final dividend of 17½ per cent on the ordinary share capital; this, with the interim of 5 per cent, makes a total for the year of 22½ per cent less tax.

Sales for the year were at approximately the same level as last year. Included in the orders

COMPANY MEETING REPORTS

completed were six paper-making machines and five substantial reconstructions to existing machines. Many items of preparatory plant and finishing equipment were also supplied in addition to an output of replacement and spare parts for the servicing of machines previously in commission. A large proportion of the major orders was shipped to countries abroad and they were obtained during a period of relative quietness in the paper-making industry worldwide, with a corresponding sharpening of competition.

The substantial addition to existing facilities represented by the new Bolton Works is now rapidly nearing completion. Transfer to the new works of the patternmaking and moulding sections permits of further development and rationalisation on the engineering side in the buildings thus vacated at the Bury and Wigan works. The substantial capital expenditure to be incurred on the new Bolton works and in the further development of the Bury and Wigan works will be found from the monies received for the new shares issued by Beloit International Corporation C.A. in the early part of 1960 and from other available resources. It is not expected that further new permanent capital will be required in the immediate future.

The increase in capacity will, in due course, result in an increased output, but I must emphasise that it will take time to achieve full integra-

tion of capacity, output and sales and the benefit will equally take time to show up in the profit record.

Since January of this year orders for complete paper and board making machines have been obtained for mills in Great Britain, Norway, the U.S.S.R., Australia, Sweden, Italy, Canada and New Zealand, with the result that our order book at present stands at a level higher in value than it has ever been. Over 75 per cent of the orders on hand are for export to 28 countries. Our association with the Beloit companies has proved invaluable in negotiating for and in securing many of these outstanding orders.

Extremely keen competition continues to affect profit margins as well as to provide a spur to searching out ways and means of reducing costs consistent with a maintenance of technical excellence and a high standard of workmanship.

It is proposed that approval be given to an increase of capital and the issue by way of capitalisation of reserves of one new ordinary share for each ordinary share at present in issue. The reserves that we propose should be capitalised result almost entirely from the share premium arising from the recent subscription by Beloit International Corporation and the operation recognises the fact that these reserves are permanently employed in the Group's business.

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WOLSEY HALL, OXFORD

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Your attendance is recommended at a special export marketing seminar at the Connaught Rooms, Gt. Queen Street, Kingsway, London, W.C.2, on November 27th and 28th. Two studies, led by four marketing specialists, will cover:

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Course fee: 15 gns. per member.

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NORANDA MINES, LIMITED

NOTICE is hereby given that an interim dividend of Fifty Cents (50c) per share, Canadian funds, plus an extra dividend of Ten Cents (10c) per share, has been declared by the Directors of NORANDA MINES, LIMITED, payable December 15, 1961, to Shareholders of record November 22, 1961.
By Order of the Board,
C. H. WINDLELL, Secretary.

Toronto, Ontario,
November 9, 1961.

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DIRECTORS needing able office staff on, and on—Consult Stella Fisher Bureau, 436 Strand, W.C.2. Telephone Bar 6044.

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APPOINTMENTS

GOVERNMENT OF TANGANYIKA

A Senior Economist is required in the Tanganyika Treasury. Candidates, preferably below 55 years of age, should have an Honours degree in Economics not below 2nd class level; at least five years post-graduate experience in the economics field and the ability to prepare concise economic reports and appreciation. The officer will be required to assist the Chief Economist in Economic Analyses and appreciations.
Appointment on contract for one tour of 21-27 months in the first instance. Inclusive salary £2,502-£2,664. Gratuity of 25 per cent of total salary. Income tax at local rates. Free passages. Generous home leave and education allowances. Free medical attention.
Apply, in first instance, with summary of personal particulars, to Director of Recruitment, Department of Technical Co-operation, Carlton House Terrace, London, S.W.1, from whom further details may be obtained. Please quote reference number RC206/145/05 A3, and state full name.

For other appointments see pages 713 and 714

UNESTABLISHED DISTRICT COMMISSIONERS

NATIONAL SAVINGS COMMITTEE

Several vacancies, mainly in the Provinces, for MEN OR WOMEN with knowledge of economics, organising ability, preferably with experience of public speaking and desirable organisations. University education desirable. National salary £775 on entry (aged 25 and over), rising to £1,430. Possible establishment later. Application forms from Manager (PE 3543), Ministry of Labour, Professional & Executive Registrar, Antic House, Farringdon Street, London, E.C.4. Closing date for completed application forms Monday, December 4th.

COMPANY AFFAIRS

Royal Dutch/Shell

THE third quarter's figures from the Royal Dutch/Shell group have a familiar ring about them; they show a much more substantial increase in the value of gross sales than in the two earlier quarters of 1961 but whereas this brought a marginal rise in income in the first half of the year all the benefit from higher sales in the third quarter has been eaten away by sharp rises in taxes and duties and in operating expenses and royalties (which rose by over £25 million in the third quarter against a rise of only £8 million in the first six months of 1961). Thus a cut of £3 million in income tax still left net income marginally lower compared with the third quarter of 1960, though for the first nine months of the year it is still £1½ million higher at £130½ million.

SALES AND INCOME

	1960		1961	
	Quarter (i)	Quarter (ii)	Quarter (iii)	Year
Sales:—				
Including duties	674.4	663.1	687.5	717.9
Excluding duties	479.7	494.8	491.0	500.0
Gross income.....	85.9	78.7	82.5	82.5
Net income.....	44.1	42.1	44.7	43.9
Gross income/sales*	17.9	15.9	16.8	16.5
Net income/sales*	9.2	8.5	9.1	8.8

It is perhaps not surprising that after the heavy cuts in capital expenditure earlier this year capital spending remained almost unchanged at £95 million in the three months to end-September; this is about £4 million higher than the quarter's cash flow. For the first nine months, however, expenditure is still covered by the group's cash flow and the group's holdings of cash and short-term securities have now risen to £413 million, compared with £399 million a year ago.

With the tax free interim dividend maintained at 10 per cent on the capital after the one for five scrip issue, a maintained final of 15 per cent on the bigger capital is clearly on the cards and on this assumption at 114s. 6d. the £1 shares, which are shortly to be split into 5s. units, yield 7.1 per cent. This return reflects the present uncertainties and competitive pressures in the oil industry.

Beecham Group

LATE in July Mr H. G. Lazell, the chairman of Beecham Group told shareholders that sales so far in the current year were only marginally ahead of those for the previous year. It seems however that the hot spell late in August and some fine weather in September boosted the sales of soft drinks so that total sales in the six months to end September were almost 6 per cent higher than in the same period of

1960 when the particularly poor summer hit soft drink sales. But, as the table shows, bigger sales have not produced higher profits and while margins are better than they were

	Six months ended		
	Sept. 30, 1960	Mar. 31, 1961	Sept. 30, 1961
Sales.....	26,988	29,356	28,569
Gross income.....	4,166	3,784	3,996
Taxation.....	1,965	1,842	1,885
Net income.....	2,194	1,933	2,104
Gross income/sales....	15.4%	12.9%	14.0%
Net income/sales.....	8.1%	6.6%	7.4%

in the winter period, when advertising expenditure at home and in most overseas markets reaches its peak, they are still below the levels of a year ago.

As far as the home market is concerned the chairman had forecast increased costs as a result of the Chancellor's measures, as these he thought would have the effect of increasing the prices of many of the raw materials the group uses. The long awaited improvement in margins from the field of antibiotics is apparently still to come and while Brylcreem has now gained a firm footing in America most of the profit it makes there is now supporting the promotion of Silvikrin shampoo. As forecast the group is to pay one interim of 16 per cent, against the two interims of 8 per cent in 1960-61; but the chances that the dividend will be higher than the total payment of 30 per cent in 1960-61 look slim. Even so, the 5s. shares at 50s. 6d. yield under 3 per cent.

Rootes Motors

THE halving of the gross profits of Rootes Motors from £5,864,000 to £2,912,000 in the year to July 31st is not too much of a shock, for production was running well below capacity for much of the year and while Rootes held on to its share of about 10 per cent of the domestic market its exports to North America, which were notably high throughout much of 1959-60, fell alarmingly. Tax has come down with a bump but both the depreciation provision and interest charges have risen, so that net profits have slumped from £2,228,000 to £796,000. The dividend on the ordinary and "A" ordinary has been slashed from 12 to 4 per cent. This decision, no doubt, was affected as much by the recent experience of the group, with production brought virtually to a standstill by a strike, as by the 1960-61 trading results. The stock market's reaction was to lower the "A" shares to 6s. 6d.

Tube Investments

THERE are several ways of looking at the trading figures of Tube Investments but generally they have been regarded as satisfactory and the £1 shares have since gained 6s. 6d. to 67s. 9d., to yield 4½ per cent on the maintained 14 per cent dividend.

THE ECONOMIST NOVEMBER 18, 1961

Without supplying a breakdown of the profits of the numerous divisions in the TI group the chairman, Sir Ivan Stedeford (who is to be succeeded at the end of 1962 by Lord Plowden, the chairman of British Aluminium) does fill in some of the gaps left by the preliminary statement. Thus shareholders are told that, excluding BA (whose profits fell) and new acquisitions such as Raleigh Industries (whose profits also fell), Loewy Engineering and Venesta Foils, profits before tax of the group rose by £800,000.

Most of this increase seems to have come from the steel tubes division which achieved record sales and earnings and which, against fierce competition, increased its direct sales abroad by 25 per cent. The engineering and general divisions also did well in overseas markets, with exports 17 per cent higher, and all the companies in these divisions "contributed well to the year's results." But it is no surprise that both the steel and the electrical divisions made smaller profits; Sir Ivan, like the directors of GKN, complains that the steelmaking companies are having to absorb higher costs without an adequate adjustment in prices. The electrical division has shared the experience of other consumer durable manufacturers and Sir Ivan can only hope for an improving market for its "Creda" products. For the cycle and aluminium divisions, now being reorganised and rationalised around Raleigh and BA respectively, the year was difficult but Sir Ivan says that the reorganisation policy is adding to the group's competitive power.

Although the Park Gate steel development project has been trimmed from £58 million to £31 million, TI's development programme is expected to cost about £75 million over the next five years. Sir Ivan is confident that this programme can be financed without affecting the dividend policy. His argument is a strong one, for liquid assets (excluding those of BA) amounted to £25 million at the end of June (reflecting in part the £21 million rights issue made in the spring of 1960) and its cash flow (again excluding BA) is running at about £10 million. But shareholders would be unwise to expect much in the way of an increase in the dividend until the programme is well advanced. Indeed, the current year could well see some reduction in the present dividend cover of over three times; Sir Ivan says that the present economic circumstances are not those "which might be expected to herald another record year." Looking further ahead, however, the development projects will bring their rewards, especially if Britain joins the common market.

Guest Keen & Nettlefolds

GKN's interim announcement was declared well after Stock Exchange hours on Friday and so the market had a full weekend to digest its rather unappealing contents. These included an estimate that pre-tax profits for 1961 would probably fall by £7 million or £8 million from the

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1960 peak of £30.8 million. This warning was tempered by the directors' forecast that the dividend would be maintained at 16 per cent, of which the interim of 5 per cent is being paid for the first time on the shares resulting from the one-for-six rights issue made a year ago. The 1960 payment was covered over 3½ times but earnings in the current year, on the directors' estimate, are unlikely to cover the maintained dividend more than 2½ times. Clearly the 1960 cash flow of over £19 million will be sharply reduced and although at December 31st liquid assets, allowing for the final rights issue instalment, amounted to £31 million, the group's high rate of capital spending will have quickly eaten into them.

This week the shares have fluctuated and finished 1s. 6d. lower on balance at 78s. 3d., to yield 4 per cent, but the rest of the market has shrugged off the sharp setback suffered by this key steel and engineering company. Some fall in profits had been forecast by the chairman in May and since then, the directors say, the pressure on profit margins, particularly in the steel companies, has intensified.

Carreras

THE swing to filter tipped cigarettes has added to Carreras' profits and there still seems some scope for further growth in filter tipped sales in this country. In the first half of this year Carreras' filter-tipped sales here rose by 35 per cent, almost double the increase of 18 per cent in the sales of all filter-tipped brands. But the chairman, Mr J. H. Hansard, warns shareholders that the 10 per cent surcharge on tobacco duty is bound to reduce consumption and that any reduction in home sales must affect costs. Profits before tax in the year to June 30th rose from £1,774,000 to £2,608,000 but these profits are not strictly comparable as the 1960-61 figures include for the first time those of Rothmans of Pall Mall which was acquired by Carreras at the time of the Rothman-Carreras integration scheme. Rothmans' profits had been estimated at £500,000 before tax but they were in fact much greater than this following a further growth in sales of king size filter-tipped cigarettes.

It is clear however that some of the improvement in profits is the result of the group's development programme which has been centred on the new Basildon factory. The latest results reflect the first full year of manufacture at this new plant. The company's development plans are not yet complete and the completion of the new administration block early next year will release more factory floor space for production. Further growth is expected not only by the management but also by the stock market: the 2s. 6d. "B" shares at 6s. 6d. yield only 3½ per cent. The low return certainly reflects the possibility of an increase in the dividend, for in raising the dividend from 8 to 9 per cent the directors said they would have paid more but for the Chancellor's request.

COMPANY AFFAIRS

BICC

As expected the interim results from British Insulated Callenders Cables reveal an improvement in profit margins in the first half of 1961, but the chairman, Sir William McFadzean, emphasises that margins still remain narrow. Sales have continued to run at a high level and, as the table shows, the improvement in margins is reflected in the rise in profits. Exports and overseas sales have also increased but profits both from BICC's Australian and Canadian companies have fallen; the latter has made a loss, but prospects there now seem a little brighter. Sir William forecasts that the improvement in profits in the first six months of 1961 is likely to be maintained in the second half of the year and that investment income for the whole of 1961

should be similar to that for 1960. It remains to be seen whether this will raise earnings

Six months to	June 30, 1960	Dec. 31, 1961	June 30, 1961
Sales.....	74,000	69,000	75,000
Trading profit.....	4,469	4,553	5,273
Depreciation.....	1,285	1,297	1,424
Profit before tax.....	2,823	2,849	3,321
Investment income.....	38	535	62
Tax.....	1,113	1,480	1,471
Net profit.....	1,748	1,904	1,912
Trading profit/sales ..	6.0%	6.6%	7.0%

ings per share, for the ordinary capital was increased by a one-for-seven rights issue in May. On the enlarged capital the directors have forecast a maintained dividend of 13½ per cent, but this interim report may prompt some shareholders to hope for a slightly higher final payment. On 13½ per cent, the £1 shares at 59s. yield 4.6 per cent.

Motor Components

SUPPLIERS of motor components cannot protect themselves very much from a recession in the motor industry and the stock market was therefore fully prepared for disappointing results. But in several cases the falls have proved to be less severe than had been expected. The interim report from Pressed Steel last week provided the biggest shock, for the interim dividend, which the year before was set at 9 per cent, has been passed. Though the group has wider interests than most other component suppliers these have provided no cushion. The railway division worked below capacity and price cutting has hit the sales of refrigerators. The directors say that but for the interruption of unofficial strikes "a reasonable level of output would have been maintained in car body production." The results for 1961 are likely to be "most disappointing" and the interim dividend was

than twice. The market would not have been surprised if profits had slumped even more sharply and the 4s. ordinary shares were promptly marked up after the results were published by 1s. 4½d. to 16s. 3d., which is well above the year's low point of 13s. 6d. The fact that the profits of Joseph Lucas did not fall more than 16½ per cent also pleased the stock market and the £1 ordinary shares rose quickly by 5s. 6d. to 57s. 1½d. Although sales were fractionally higher than the total of £122 million in 1959-60, lower profit margins cut the cover on the unchanged dividend of 13½ per cent from 3 to 2½ times. Both Lucas and Smith shares are now on a significantly lower yield basis than the shares of the two leading British motor manufacturers.

Duple Motor Bodies, which makes bodies for buses and coaches, has raised the total dividend from the equivalent of just under

	Gross profit £000's		Net profit £000's		Dividend per cent		Price	Yield
	1959-60	1960-61	1959-60	1960-61	1959-60	1960-61		per cent
S. Smith.....	4,191	2,660	2,313	1,462	20	20	16/3	4.9
J. Lucas.....	8,073	6,741	2,923	2,526	13½	13½	57/1½	4.8
Duple.....	374	373	168	167	10.4*	12½	7/1½	7.0
Birmid.....	3,452	2,784	1,768	1,360	20	20	65/6	6.1

* Adjusted for scrip issue.

passed in view of the heavy capital commitments of the group. The 5s. ordinary shares have recovered most of an earlier fall and now stand at 17s. 6d.

The two well-known electrical component manufacturers, Joseph Lucas and S. Smith, supply the aircraft industry, but ultimately are as dependent on orders from the motor industry as Pressed Steel is. Each earned a smaller profit in the year to July 31st. The gross profits of S. Smith fell by over 36 per cent. In July, 1960, gross profits of £4 million were forecast, but in May this estimate was reduced to £3 million. The directors say that unofficial strikes in June were the reason why profits fell short of this estimate; but a reduction in the profits of the Australian subsidiary also played a part. The ordinary dividend has been left unchanged at 20 per cent, but its cover has fallen from over three times to rather less

10½ per cent to 12½ per cent. Profits, including £14,000 in respect of earlier years, were virtually maintained. But the stock market was not impressed with these results as future prospects are not bright. The manufacturing programme has been scaled down and profits are expected to be materially lower. Accordingly the 4s. ordinary shares were marked down 2s. 6d. to a new low of 7s. 1½d.

A warning about the future has also come from the Marquess of Exeter, the chairman of Birmid, which makes castings for the motor and aircraft industries. He says that while sales in 1960-61 were virtually unchanged, rising costs cut into margins, and since the end of the financial year there has been a distinct falling off in demand. Costs have continued to rise so steeply that some contracts may prove to be unprofitable.

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LONDON AND NEW

Prices, 1961		BRITISH FUNDS AND GUARANTEED STOCKS		Price, Nov. 8, 1961	Price, Nov. 15, 1961	Net Yield, Nov. 15, 1961	Gross Yield, Nov. 15, 1961	Prices, 1961		Last Two Dividends (a) (b) (c)	ORDINARY STOCKS		Price, Nov. 8, 1961	Price, Nov. 15, 1961	Yield, Nov. 15, 1961	Cover
High	Low							High	Low							
92 1/2	88 3/8	Savings Bonds 3% 1955-65	91	90 15/16	£ s. d.	£ s. d.	89 7/12	64/-	13 c	6 1/2 d	BANKS, DISCOUNT & HP		84 1/8	88 1/8	2.94	
101 1/2	99	Conversion 4 1/2% 1962	99 13/16	99 13/16	4 12 8	5 2 9	100/3	74 3/4	16 c	8 d	Barclays	£1	88 1/8	92 1/8	3.46	
96 1/8	93 3/4	Exchequer 3% 1962-63	95 3/16	95 3/16	4 12 7	5 15 5	100/3	58 7/12	13 c	5 d	District	£1	86 1/8	92 1/8	3.46	
101 1/8	98 1/8	Treasury 5 1/2% 1962	100 1/16	100 1/16	3 0 7	5 3 5	26 1/4	18 7/12	8 b	7 d	Lloyds	£1	86 1/8	92 1/8	3.46	
93 3/4	90 1/4	Exchequer 2 1/2% 1963-64	93	92 3/4	4 11 7	5 12 0	94 1/8	67 3/4	19 c	7 d	Martins	£1	86 1/8	92 1/8	3.46	
99 1/2	96 1/8	Conversion 4 1/2% 1963	98 1/4	98 1/4	4 3 4	5 18 10	97 3/4	73 1/2	7 b	7 d	Midland	£1	86 1/8	92 1/8	3.46	
98 3/4	94 1/2	Conversion 4 1/2% 1964	97	96 3/4	4 1 6	5 17 3	95 1/8	58 1/8	7 1/2 b	6 3/4 d	Nat. Provincial	£1	83 1/8	88 1/8	3.31	
101 1/8	96 1/8	Exchequer 5 1/2% 1966	98 1/8	98 1/8	3 13 7	5 18 6	44 1/8	35 3/8	6 b	4 d	Westminster 'B'	£1	81 1/8	86 1/8	3.37	
85 1/8	78 1/8	Funding 3% 1959-69	82 1/4	82 1/4	4 13 9	6 0 2	52/-	35 3/8	8 b	4 d	Australia & N.Z.	£1 p.p.	37 1/8	37 1/8	6.36	
80 1/2	74 1/8	Funding 4% 1960-70	80 1/8	80 1/8	3 10 2	5 3 6	£24 1/8	£24 1/8	£2.05 c	£2.05 c	Bk. Lond. & S. Amer.	£1	41 1/8	41 1/8	6.36	
85 1/8	80 1/8	Savings Bonds 2 1/2% 1964-67	85 1/8	85 1/8	4 13 9	6 1 1	30 3/4	25 1/4	8 c	9 c	Bank of Montreal	£10	£24	£24	2.93	
72 1/8	66 1/8	Savings Bonds 3% 1965-75	72 1/8	72 1/8	4 14 10	5 16 4	44 1/8	31 1/8	10 c	5 d	Bank of New S. Wales	£20	26 1/8	27 1/8	5.24	
84 1/8	78 1/8	Funding 3% 1966-68	84 1/8	84 1/8	4 13 5	6 0 6	60 7/12	46 7/12	7 1/2 b	7 1/2 d	Barclays D.C.O.	£1	37 1/8	40/-	5.00	
92 1/2	86 1/8	Victory 4% 1920-76	94 1/8	94 1/8	3 6 3	4 19 8	70 1/8	64 1/8	5/-	10/-	Chartered	£1	53 1/8	53 1/8	5.58	
86 1/8	80 1/8	Conversion 3 1/2% 1969	86 1/8	85 7/8	4 10 3	6 1 1	£29 1/8	£29 1/8	£2.32 c	£2.32 c	Hongk. & Shang.	£35	£17 1/8	£17 1/8	4.23	
93 1/8	87 1/8	Conversion 5% 1971	93 1/8	93 1/8	4 1 4	6 4 0	119 1/8	96 1/8	10 b	9 d	Nat. Com. Bk. Scot.	£10	£27 1/8	£27 1/8	3.10	
95 1/8	88 1/8	Conversion 5 1/2% 1974	92 1/8	92 1/8	3 18 8	6 0 11	40 1/8	32/-	5 d	10 b	Royal Bk. Canada	£10	£27 1/8	£27 1/8	3.10	
73 1/8	66	Treasury 3 1/2% 1977-80	70 1/8	69 3/4	4 11 3	6 5 1	165/-	95/-	22 1/2 c	22 1/2 c	Royal Bk. of Scotland	£1	104/-	109 3/4	3.48	
72 1/8	65	Treasury 3 1/2% 1979-81	70 1/8	69 3/4	4 11 4	6 6 4	89 1/8	59 1/8	5 b	2 1/2 c	Stand. Bk. S. Africa	£1	39 3/4	40 1/8	3.62	
97 1/8	88 1/8	Funding 5 1/2% 1982-84	93 1/8	93 1/8	3 18 5	6 4 10	60 1/8	45 1/8	6 1/4 b	6 1/4 d	Hambros	£1 f.p.	137 1/8	150/-	3.00	
59 1/2	51 1/2	Redemption 3% 1986-96	54 1/8	54 1/8	4 8 3	6 4 8	27 1/8	13/-	18 c	Nil	Schroders	£1	79 1/8	81 1/8	3.00	
88 1/8	79 1/8	Treasury 5% 1988-95	82 1/8	82 1/8	4 3 6	6 8 6	61 1/8	43 1/8	19 c	19 c	Union Discount	£1	54/-	53 1/8	4.69	
63 1/8	55	Funding 5 1/2% 1999-2004	58 1/8	57 1/8	4 7 5	6 10 6	61 1/8	21 1/8	12 1/2 b	12 1/2 b	Bowmaker	£1	14/-	15 10/12	1.4	
94 1/8	81 1/8	Treasury 5 1/2% 2008-12	84	84	4 3 2	6 13 7	210/-	132/-	22 1/2 b	22 1/2 b	Lombard Banking	£1	13 1/4	13 10/12	1.4	
65 1/8	56 1/8	Consols 4% after Feb. 1957	60 1/8	59 1/8	4 2 11	6 16 5	51 1/8	34 1/8	4	4	Mercantile Credit	£1	13 1/4	13 10/12	1.4	
59 1/4	50 1/4	War Loan 3 1/2% after 1952	52 1/8	52 1/8	4 2 0	6 13 9	14/-	11/-	11/-	11/-	United Dominions	£1	140 3/4	156 1/2	3.40	
50 1/8	43 1/8	Conv. 3 1/2% after Apr. 1961	45 1/8	45 1/8	4 2 1	6 14 5	14 1/2	31/-	5 d	8 1/2 b	Breweries, Etc.					
44	36 1/2	Treasury 3% after Apr. 1966	39 1/8	39 1/8	3 18 6	6 8 7	26 1/8	13/-	6 1/2 b	4 d	Bass, M. & B.	£1	13 10/12	14/-	3.93	
43 1/2	36 1/2	Treasury 2 1/2% after Apr. 1975	38 1/8	37 1/8	4 1 5	6 13 4	14 1/8	31/-	6 1/2 b	4 d	Distillers	£1	13 10/12	14/-	3.93	
91 1/8	85 1/8	British Electric 4 1/2% 1967-69	91 1/8	91 1/8	4 3 3	6 1 9	42/-	30/-	7 1/2 b	7 1/2 d	Flowers	£1	17 1/8	17 1/8	3.46	
75 1/8	70 1/8	British Electric 3% 1968-73	75 1/8	75 1/8	4 14 4	6 2 3	100 1/8	76 1/8	12 b	6 d	Guinness	£1	53/-	53/-	3.00	
64 1/8	61 1/8	British Electric 3% 1974-77	69 1/8	69 1/8	4 13 7	6 3 1	100 1/8	76 1/8	12 b	6 d	Ind. Coope. T.A.	£1	14 1/12	14 1/12	4.06	
81 1/8	74 1/8	British Electric 4 1/2% 1974-79	79 1/8	79 1/8	4 1 0	6 9 1	37 3/8	26/-	27 c	9 d	Teacher (Distillers)	£1	34 1/8	36/-	3.47	
73 1/8	67 1/8	British Electric 3 1/2% 1976-79	71 1/8	70 1/8	4 11 0	6 4 9	37 3/8	26/-	27 c	9 d	Watney Mann	£1	98/-	100 3/8	3.59	
84 1/8	78 1/8	British Gas 4% 1969-72	84 1/8	84 1/8	4 7 8	6 3 4	64/-	44 10/12	5 1/2 b	3 d	Whitebread 'A'	£1	34 1/8	37 3/8	3.62	
82 1/8	76 1/8	British Gas 3 1/2% 1973-76	82 1/8	81 1/8	4 10 7	6 1 11	28 1/12	19 10/12	5 1/2 b	3 d	Associated Portland	£1	50 1/4	56 1/8	2.95	
59 1/8	51 1/8	British Gas 3% 1990-95	54 1/8	54 1/8	4 10 3	6 6 6	26 10/12	16 11/12	6 d	10 1/2 b	Plaster Bd.	£1	21 1/12	22 3/8	2.95	
75 1/8	70 1/8	British Transport 3% 1968-73	75 1/8	75 1/8	4 14 4	6 2 3	9 1/4	9 1/4	10 d	10 d	Richard Costain	£1	18/-	19/-	4.21	
80 1/8	74 1/8	British Transport 4% 1972-77	79 1/8	77 1/8	4 8 2	6 4 2	18 1/8	10/-	6 d	14 b	Crittall Mfg.	£1	9 1/12	10 3/8	7.32	
61 1/8	53 1/8	British Transport 3% 1978-88	58 1/8	58 1/8	4 12 8	6 7 5	105 1/8	83 1/8	12 1/2 b	12 1/2 b	International Paints	£1	11/-	11/-	7.27	

NEW YORK PRICES AND INDICES

		Nov. 8	Nov. 15			Nov. 8	Nov. 15			Nov. 8	Nov. 15		
		\$	\$			\$	\$			\$	\$		
Atch. Topeka	28 1/8	28 1/4	Boeing	49 1/2	47 1/4	Int. Harvester	52 1/8	53	38/-	25	5	5	a
Can. Pacific	24 1/8	24 7/8	Celanese	36	36 1/4	Inter. Nickel	81 1/4	80 1/4	40/6	26	3	3	a
Pennsylvania	16 1/2	17	Chrysler	54 1/2	50 3/8	Inter. Paper	36	36 1/2	67 1/2	49	9	9	b
Union Pacific	36 1/4	36 1/2	Col. Palmolive	50 1/8	53 3/8	Kennecott	82 1/4	85	14 7/12	11	5	5	a
Amer. Electric	75 3/4	75 1/2	Crown Zeller	62 1/4	62 1/8	Monsanto	57 1/4	56 3/8	76/-	54/-	7	7	a
Amer. Tel. & Tel.	129	127 1/2	Dissillers Chem.	46	46 1/4	Min. Distillers	26 1/2	25 1/2	71 1/4	55	6	6	b
Cons. Edison	84 1/8	83 1/2	Douglas	34	35	Pan-American	22	20 3/8	35/-	35/-	5	5	a
Int. Tel. & Tel.	54 1/8	56 1/8	Dow Chemical	75 1/2	75 1/2	Procter Gamble	96	99 1/8	25 c	25 c	25 c	25 c	a
Southern Nat. Gas	45	48 1/4	Du Pont	243 3/4	250	Radio Corp.	56	58 1/2	25 c	25 c	25 c	25 c	a
United Chem.	8 7/8	9 1/4	East. Kodak	111	105 1/8	Sears Roebuck	85 1/2	92 1/2	38/-	25	5	5	a
Western Union	41 1/4	42	Ford Motor	110	110	Shell Oil	40 1/4	41	18/9	10	9	9	c
Alcoa	60 3/8	59 3/4	Gen. Electric	74 7/8	78	Socony-Mobil	47 1/4	47 3/4	30/4 1/2	4	4	4	b
Aluminium	27 3/4	27 1/2	General Foods	102 1/2	105 3/8	Stand. Oil Ind.	48	49 1/2	4/4 1/2	9	9	9	b
Amer. Can.	65 1/2	64 1/2	General Motors	53 1/8	52 1/8	Stand. Oil N.J.	47 3/8	46	22/4 1/2	20	10	10	a
Amer. Smelting	46	44 1/2	Goodyear	46 1/2	46	Union Carbide	76 1/8	78 1/2	12/6	5	5	5	c
Amer. Viscose	59 1/2	56 3/8	Gulf Oil	39 1/2	39 3/8	U.S. Steel	78 1/2	78 1/2	12 1/2	12 1/2	12 1/2	12 1/2	a
Anacosta	50 1/8	50 1/8	Heinz	69 3/4	70 1/2	West. Electric	39 3/4	40 1/8	5/16	16	16	16	b
Beth. Steel	41 7/8	41 1/4	Int. Bus. Mach.	592	598	Woolworth	83 1/8	89 1/4	78/-	48/-	71 1/2	71 1/2	b
									110/-	83/-	10	10	a
									16 1/10	19/3	7 1/2	7 1/2	a
									44/4 1/2	29/-	10	10	b
									108/7 1/2	75/3	11	11	b
									31/-	18/3	4	4	a
									100/3	68/3	5	5	b
									22/6	14/-	4	4	b
									50/6	34/6	3	3	a
									44/1 1/2	29/7 1/2	17 1/2	17 1/2	a
									54/-	25/9	7	7	b
									38/4 1/2	54/9	21 1/2	21 1/2	a
									84/6	64/6	34 1/2	34 1/2	a
									30/-	19/6	5	5	a

		Nov. 8	Nov. 15			Nov. 8	Nov. 15			Nov. 8	Nov. 15		
		\$	\$			\$	\$			\$	\$		
Oct. 18	71-68	2-83	34-80	4-68	64-00	3-07	88-91	3-99					
Nov. 1	71-77	2-83	34-30	4-75	64-67	3-04	88-91	3-99					
Nov. 8	72-20	2-82	34-16	4-77	65-09	3-02	89-43	3-94					
Nov. 15	74-51	2-74	34-50	4-73	64-90	3-04	88-80	3-94					
Nov. 15	75-31	2-72	34-59	4-72	67-97	2-90	88-80	4-00					

425 Industrials		25 Rails		50 Utilities		Govt. Bonds		425 Industrials	
High	Low	High	Low	High	Low	High	Low	High	Low
71-68	71-77	34-80	34-30	4-68	4-75	88-91	88-91	71-68	71-77
72-20	74-51	34-16	34-50	4-77	4-73	89-43	88-80	72-20	74-51
75-31		34-59		4-72		88-80		75-31	

425 Industrials		25 Rails		50 Utilities		Govt. Bonds		425 Industrials	
High	Low	High	Low	High	Low	High	Low	High	Low
71-68	71-77	34-80	34-30	4-68	4-75	88-91	88-91	71-68	71-77
72-20	74-51	34-16	34-50	4-77	4-73	89-43	88-80	72-20	74-51
75-31		34-59		4-72		88-80		75-31	

425 Industrials		25 Rails		50 Utilities		Govt. Bonds		425 Industrials	
High	Low	High	Low	High	Low	High	Low	High	Low
71-68	71-77	34-80	34-30	4-68	4-75	88-91	88-91	71-68	71-77
72-20	74-51	34-16	34-50	4-77	4-73	89-43	88-80	72-20	74-51
75-31		34-59		4-72		88-80		75-31	

425 Industrials		25 Rails		50 Utilities		Govt. Bonds		425 Industrials	
High	Low	High	Low	High	Low	High	Low	High	Low
71-68	71-77	34-80	34-30	4-68	4-75	88-91	88-91	71-68	71-77
72-20	74-51	34-16	34-50	4-77	4-73	89-43	88-80	72-20	74-51
75-31		34-59		4-72		88-80		75-31	

425 Industrials		25 Rails		50 Utilities		Govt. Bonds		425 Industrials	
High	Low	High	Low	High	Low	High	Low	High	Low
71-68	71-77	34-80	34-30	4-68	4-75	88-91	88-91	71-68	71-77
72-20	74-51	34-16	34-50	4-77	4-73	89-43	88-80	72-20	74-51
75-31		34-59		4-72		88-80		75-31	

425 Industrials		25 Rails		50 Utilities		Govt. Bonds		425 Industrials	
High	Low	High	Low	High	Low	High	Low	High	Low
71-68	71-77	34-80	34-30	4-68	4-75	88-91	88-91	71-68	71-77
72-20	74-51	34-16	34-50	4-77	4-73	89-43	88-80	72-20	74-51
75-31		34-59		4-72		88-80		75-31	

425 Industrials		25 Rails		50 Utilities		Govt. Bonds		425 Industrials	
High	Low	High	Low	High	Low	High	Low	High	Low
71-68	71-77	34-80	34-30	4-68	4-75	88-91	88-91	71-68	71-77
72-20	74-51	34-16	34-50	4-77	4-73	89-43	88-80	72-20	74-51
75-31		34-59		4-72		88-80		75-31	

425 Industrials		25 Rails		50 Utilities		Govt. Bonds		425 Industrials	
High	Low	High	Low	High	Low	High	Low	High	Low
71-68	71-77	34-80	34-30	4-68	4-75	88-91	88-91	71-68	71-77
72-20	74-51	34-16	34-50	4-77	4-73	89-43	88-80	72-20	74-51
75-31		34-59		4-72		88-80		75-31	

425 Industrials		25 Rails		50 Utilities		Govt. Bonds		425 Industrials	
High	Low	High	Low	High	Low	High	Low	High	Low
71-68	71-77	34-80	34-30	4-68	4-75	88-91	88-91	71-68	71-77
72-20	74-51	34-16	34-50	4-77	4-73	89-43	88-80	72-20	74-51
75-31		34-59		4-72		88-80		75-31	

425 Industrials		25 Rails		50 Utilities		Govt. Bonds		425 Industrials	
High	Low	High	Low	High	Low	High	Low	High	Low
71-68	71-77	34-80	34-30	4-68	4-75	88-91	88-91	71-68	71-77
72-20	74-51	34-16	34-50	4-77	4-73	89-43	88-80	72-20	74-51
75-31		34-59		4-72		88-80		75-31	

425 Industrials		25 Rails		50 Utilities		Govt. Bonds		425 Industrials	
High	Low	High	Low	High	Low	High	Low	High	Low
71-68	71-77	34-80	34-30	4-68	4-75	88-91	88-91	71-68	71-77
72-20	74-51	34-16	34-50	4-77	4-73	89-43	88-80	72-20	74-51
75-31		34-59		4-72		88-80		75-31	

425 Industrials		25 Rails		50 Utilities		Govt. Bonds		425 Industrials	
High	Low	High	Low	High	Low	High	Low	High	Low
71-68	71-77	34-80	34-30	4-68	4-75	88-91	88-91	71-68	71-77
72-20	74-51	34-16	34-50	4-77	4-73	89-43	88-80	72-20	74-51
75-31		34-59		4-72		88-80		75-31	

425 Industrials		25 Rails		50 Utilities		Govt. Bonds		425 Industrials	
High	Low	High	Low	High	Low	High	Low	High	Low
71-68	71-77	34-80	34-30	4-68	4-75	88-91	88-91	71-68	71-77
72-20	74-51	34-16	34-50	4-77	4-73	89-43	88-80	72-20	74-51
75-31		34-59		4-72		88-80		75-31	

425 Industrials		25 Rails		50 Utilities		Govt. Bonds		425 Industrials	
High	Low	High	Low	High	Low	High	Low	High	Low
71-68	71-77	34-80	34-30	4-68	4-75	88-91	88-91	71-68	71-77
72-20	74-51	34-16	34-50	4-77	4-73	89-43	88-80	72-20	74-51
75-31		34-59		4-72		88-80		75-31	

425 Industrials		25 Rails		50 Utilities		Govt. Bonds		425 Industrials	
High	Low	High	Low	High	Low	High	Low	High	Low
71-68	71-77	34-80	34-30	4-68	4-75	88-91	88-91	71-68	71-77
72-20	74-51	34-16	34-50	4-77	4-73	89-43	88-80	72-20	74-51
75-31		34-59		4-72		88-80		75-31	

425 Industrials		25 Rails		50 Utilities		Govt. Bonds		425 Industrials	
High	Low	High	Low	High	Low	High	Low	High	Low
71-68	71-77	34-80	34-30	4-68	4-75	88-91	88-91	71-68	71-77
72-20	74-51	34-16	34-50	4-77	4-73	89-43	88-80	72-20	74-51
75-31		34-59		4-72		88-80		75-31	

425 Industrials		25 Rails		50 Utilities		Govt. Bonds		425 Industrials	
High	Low	High	Low	High	Low	High	Low	High	Low
71-68	71-77	34-80	34-30	4-68	4-75	88-91	88-91	71-68	71-77
72-20	74-51	34-16	34-50	4-77	4-73	89-43	88-80	72-20	74-51
75-31		34-59		4-72		88-80		75-31	

425 Industrials		25 Rails		50 Utilities		Govt. Bonds		425 Industrials	
High	Low	High	Low	High	Low	High	Low	High	Low
71-68	71-77	34-80	34-30	4-68	4-75	88-91	88-91	71-68	71-77
72-20	74-51	34-16	34-50	4-77	4-73	89-43	88-80	72-20	74-51
75-31		34-59		4-72		88-80		75-31	

425 Industrials		25 Rails		50 Utilities		Govt. Bonds		425 Industrials	
High	Low	High	Low	High	Low	High	Low	High	Low
71-68	71-77	34-80	34-30	4-68	4-75	88-91	88-91	71-68	71-77
72-20	74-51	34-16	34-50	4-77	4-73	89-43	88-80	72-20	74-51
75-31		34-59		4-72		88-80		75-31	

425 Industrials		25 Rails		50 Utilities		Govt. Bonds		425 Industrials	
High	Low	High	Low	High	Low	High	Low	High	Low
71-68	71-77	34-80	34-30	4-68	4-75	88-91	88-91	71-68	71-77
72-20	74-51	34-16	34-50	4-77	4-73	89-43	88-80	72-20	74-51
75-31		34-59		4-72		88-80		75-31	

425 Industrials		25 Rails		50 Utilities		Govt. Bonds	
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Standard and Poor's Indices (1941-43=100)

Prices, 1961		DOMINION AND CORPORATION STOCKS		Price, Nov. 8, 1961	Price, Nov. 15, 1961	Yield, Nov. 15, 1961	Prices, 1961		Last Two Dividends (a) (b) (c)	ORDINARY STOCKS		Price, Nov. 8, 1961	Price, Nov. 15, 1961	Yield, Nov. 15, 1961	Cover
High	Low						High	Low							
425	425	Industrials	425	425	Yield %	25	425	425	Yield %	50	425	425	Yield %	Govt. Bonds	Yield %
Oct. 18	71.68	2.83	34.80	4.68	64.00	3.07	88.91	3.99	30/-	19 1/8	17 1/2	10 a	5 d	22 1/2 b	5.12
Nov. 1	71.77	2.83	34.30	4.75	64.67	3.04	88.91	3.99	30/-	19 1/8	17 1/2	10 a	5 d	22 1/2 b	5.12
Nov. 8	72.20	2.82	34.16	4.77	65.09	3.02	89.43	3.94	30/-	19 1/8	17 1/2	10 a	5 d	22 1/2 b	5.12
Nov. 15	74.51	2.74	34.50	4.73	66.90	2.94	89.43	3.94	30/-	19 1/8	17 1/2	10 a	5 d	22 1/2 b	5.12
Nov. 22	75.31	2.72	34.59	4.72	67.97	2.90	88.80	4.00	30/-	19 1/8	17 1/2	10 a	5 d	22 1/2 b	5.12

* Ex dividend. † Tax free. ‡ Assumed average life 7 1/2 years. § The net redemption yields allow for tax at 7s. 9d. in £. || Ex capitalisation. ¶ Ex rights. (b) Final dividend. (c) Year's dividend. (d) Capital distribution of 1s. 0d. per share. (f) Flat yield. (g) Equivalent to 7-2 sterling. (h) After Rhodesian tax. (i) To latest date.

YORK STOCKS

Prices, 1961		ORDINARY STOCKS		Price, Nov. 8, 1961</
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Combined English Mills

BECAUSE the Lancashire cotton industry has been drifting since the spring from boom into recession, a company's accounting date is the key to its results this year. But it is sometimes too readily assumed that a favourable accounting date is responsible for all differences between cotton companies' profit performance—some groups like Combined English Mills were probably better prepared for this year's recession than some of their competitors. This group spent heavily on re-equipment before the Government's reorganisation scheme, and it was among the first to take advantage of the grants towards re-equipping mills offered under the reorganisation plan. Its management has also been quick to adopt new techniques, and its success last year in adding to its share of Britain's yarn exports is a pointer to its ability to compete.

The group has a stake in the manufacture of man-made fibre yarns and mixtures spun on the cotton system for the flourishing knitwear industry and this side of the business has not been so seriously affected by the setback this year. Combined English Mills also began its financial year with an exceptionally big volume of orders in hand. The increases in trading profits from £806,000 to £951,000 in the year to September 30th, and in net profits from £401,000 to £465,000 are not, therefore, all that surprising. The ordinary dividend has, however, been left unchanged at 6 per cent (so that the £1 shares at 10s. 9d. yield 11 per cent). The caution is justified: yarn output has fallen progressively this year and in September was 16 per cent lower than a year ago. Yarn prices, despite the lack of new orders, were higher in September than they were a year earlier, but have declined quite sharply in the past two months.

Farbwerke Hoechst

AFTER the war the I.G. Farben chemical group was split into three main groups; the shares of the biggest of the three principal successor companies, Farbenfabriken Bayer received a London quotation in February and now the shares of another of the trio, Farbwerke Hoechst, are being introduced to the London Stock Exchange. Hoechst is slightly smaller than Bayer, but has an equally impressive growth record; in 1960 its sales amounted to DM2,703 million, or 11.9 per cent of the total turnover of the German chemical industry. In the first nine months of the current year the volume of sales increased by 10 per cent but in value the increase was nearer 7 per cent, reflecting the squeeze on prices and margins, which was accentuated after the March revaluation. But the directors have no doubt that they will be able to maintain the current dividend of 18 per cent on the capital which has been increased this year from DM630 million to DM700 million.

One attraction of Hoechst shares to London investors is that dealings will be

possible in deposit certificates of DM5; these will be issued by S. G. Warburg. On the basis of a price of just over 600 per cent for the Hoechst shares the price of the certificates will be about 56s. 6d. The yield is 2.8 per cent but allowing for double tax relief (at a provisional rate of 5s. 2d.) the yield improves to 3.2 per cent. Such a return is warranted by the company's exceptional growth record but for the moment at least a continuation of this rate of growth looks unlikely.

Hire Purchase Results

THE preliminary results of Lloyds and Scottish, the hire purchase finance house owned 50-50 by National Commercial Bank of Scotland and Lloyds Bank, reveal that the consolidated profit before tax for the year to September 30th slumped by 75 per cent from £3 million to £739,000. Presumably most of this fall is due to bad debts. The full report will no doubt confirm just how quickly business that was once considered satisfactory can become thoroughly unsatisfactory. In last year's report Mr Ian Macdonald, chairman of Lloyds and Scottish and of the National Commercial Bank, said that the company had followed "a selective policy" and rejected business "which did not attain a high standard of credit rating," and that as far as bad debts were concerned "we have not had any cause for concern."

Disclosed profits of National Commercial Bank for the year to October 28th have fallen from £1,540,000 to £1,368,000, but the dividend from Lloyds and Scottish has been slashed from £597,000 to £184,000; this suggests that banking profits have in fact risen—as might be expected with interest rates higher and an average level of advances for the Scottish banks some 15 per cent up on the year. The directors of the bank have recommended a final dividend of 9 per cent to make 16½ per cent for the year; in 1959-60 shareholders received the same payment plus a 150th anniversary bonus of 1½ per cent. For Lloyds Bank the hire purchase setback is equally serious, for while last year's dividend from Lloyds and Scottish represented 13 per cent of its disclosed profits, it also has a 25 per cent interest in Bowmaker which has passed its interim dividend and because of bad debts is unlikely to be able to pay a final dividend.

Last year, one of the first companies to announce heavy hire purchase losses was Charles Roberts, whose hire purchase subsidiary S. and J. Claye, incurred a loss of £500,000. Mr Duncan Bailey, the chairman of Charles Roberts, has now announced that the company made a further loss, of £989,000. The group's loss for the year to March 31st is £912,000 and the chairman has promised "a full explanation" with the full accounts next month. So far this year the news from the hire purchase companies has usually been as bad as that of last year, and investors who were hoping in the summer that the worst was past must now be having second thoughts.

London Stock Exchange

FIRST DEALINGS:	Oct. 30	Nov. 13	Nov. 27
LAST DEALINGS:	Nov. 10	Nov. 24	Dec. 8
ACCOUNT DAY:	Nov. 21	Dec. 5	Dec. 19

THE rally in equities which began last Wednesday has continued into the new account helped by the Chancellor's statements about the prospects for the economy and the further rise on Wall Street. Investors have shrugged off more unfavourable company news as well as the trade figures. Over the week to Wednesday *The Economist* indicator rose by 12.5 points to 368.9, its highest level since the beginning of September.

The gilt-edged market had a quiet week. The long dated "tap" stock, Treasury 5½ per cent 2008-12, attracted more buyers before the weekend, many of whom switched from other gilt-edged stocks, but the early gains were lost and over the week the stock was unchanged at 84. Among short dated stocks Conversion 4½ per cent 1963 lost ¼ to 98½ and the undated stocks were also dull, 3½ per cent War Loan losing ¼ to 52½xd. The dull tone in the market stemmed partly from trustee switching into equities. The new Agricultural Mortgage 6½ per cent stock, 1975-77, opened at a discount of ¼; it closed on Wednesday at 99½, a discount of ¼.

Bank and insurance shares made notable rises over the week: Barclay's were 4s. higher at 88s. 6d. and District 4s. 6d. higher at 92s. 6d. while Pearl Insurance gained 17s. 6d. to 227s. 6d. Business in brewery shares was also brisk and Watney Mann gained 2s. 3d. to 100s. 3d. Building shares joined in the rise and London Brick gained 5s. 3d. to 91s. 3d. and helped by the news of bigger cement deliveries Rugby Portland gained 6s. 1½d. to 56s. 9d. Among stores, Debenhams were in demand after the news of the property development plan, but some buyers took their profits after the earlier rises; nevertheless, the shares gained 5s. 3d. to 62s. over the week. Other leaders were also higher, Marks and Spencer "A" gaining 1s. 6d. to 105s. 6d. Investment buyers also turned their attention to electrical shares and AEI gained 3s. to 34s. 6d. Engineering shares held their prices despite unfavourable news from GKN and Birmid; Tube Investments advanced 1s. 6d. to 66s. 6d. ahead of the full report and the prospects of a decimal coinage system have brought a sharp rise in Aversys of 6s. 9d. to 90s.

Steel shares, however, were generally lower over the week and Stewarts and Lloyds lost 1s. 3d. to 39s. 7½d. Food shares were in demand and Associated British Foods gained 7½d. to 12s. 6d. Motor shares also improved on press comment, BMC gaining 1s. 4½d. to 15s. 9d. Shipping shares improved after falling towards the end of the old account but oils were mixed—BP, which are now ex the scrip issue, gained 6s. 3d. to 42s. 3d. but Shell lost 2s. 3d. to 114s. 3d. Kaffir shares gained over the week, helped by the easing of South African import controls. Union Corporation gained 4s. 3d. to 58s. 9d.

EXCHEQUER RETURNS

For the week ended November 11, 1961, there was an "above-line" surplus (after allowing for sinking funds) of £53,801,000 compared with a surplus of £14,712,000 in the previous week and a surplus of £2,399,000 in the corresponding period of last year. There was a net expenditure "below-line" of £9,427,000 leaving a total cumulative deficit to date of £676,771,000 compared with £685,682,000 in 1960-61.

£'000	Estimate 1961-62	April 1, 1960	April 1, 1961	Week ended Nov. 12, 1960	Week ended Nov. 11, 1961
Ordinary Revenue					
Income Tax	2,728,500	810,898	934,389	16,430	18,974
Surplus	210,000	43,800	51,000	1,200	1,500
Death Duties	240,000	138,200	158,100	3,600	4,100
Stamps	94,000	54,700	61,000	1,400	1,300
Profits tax, EPT and EPL	325,500	178,800	219,800	7,400	9,200
Other Inland Rev. Duties	...	50	...	...	...
Total Inland Rev.	3,598,000	1,226,448	1,424,289	30,030	35,074
Customs	1,550,000	915,151	1,002,209	29,607	35,553
Excise	960,000	622,065	630,680	31,495	73,070
Total Customs and Excise	2,510,000	1,537,216	1,632,889	61,102	108,623
Motor Duties	155,000	39,187	46,696	1,076	6,978
PO (Net Recps)	40,000	18,300	19,100	...	...
Broadcast Lic.	205,000	38,476	158,908	735	8,032
Sundry Loans	...	...	...	...	...
Miscellaneous	...	...	...	...	...
Total	6,508,000	2,933,408	3,281,882	92,943	158,707
Ordinary Expenditure					
Debt Interest	660,000	378,170	409,198	4,985	5,598
Payments to N. Ireland Exch.	92,000	49,996	52,314	...	3,353
PO Fund - Initial settlement	15,000	...	7,282	...	...
Other Consolidated Funds	8,000	4,612	4,865	9	15
Supply Services	5,186,902	2,847,572	3,095,658	84,600	95,400
Total	5,961,902	3,280,350	3,569,317	89,594	104,366
Sinking Funds	40,000	23,070	23,614	950	540
"Above-line" Surplus or Deficit					
"Above-line" Surplus	370,012	311,049	2,399	53,801	...
"Below-line" Net Expenditure	315,670	365,722	9,437	9,427	...
Total Surplus or Deficit	685,682	676,771	7,038	44,374	...
Net receipts from:					
Tax Reserve Certificates	159,913	175,813	1,554	3,594	...
Savings Certificates	42,900	16,800	2,300	300	...
Defence Bonds	66,517	17,750	1,528	32	...
Premium Savings Bonds	36,170	26,100	830	500	...
Total	305,500	202,863	6,212	3,762	...

* Net receipt to the Civil Contingencies Fund of £5 million in 1961-62 compared with a net receipt of £6 million in 1960-61.

FLOATING DEBT

Treasury Bills		Ways and Means Advances		Total Floating Debt
Tender	Tap	Public Dept.	Bank of England	
1960 Nov. 12	3,660-0	1,526-6	197-9	5,384-5
1961 Aug. 12	3,290-0	1,712-9	206-6	5,209-4
" 19	3,290-0	1,732-5	316-8	5,340-7
" 26	3,280-0	1,840-0	201-9	5,324-1
Sept. 2	3,260-0	1,855-3	239-4	5,354-8
" 9	3,240-0	1,886-4	221-4	5,347-9
" 16	3,340-0	1,965-2	229-5	5,534-7
" 23	3,220-0	1,928-7	228-3	5,377-0
" 30	3,220-0	2,018-6	283-7	5,523-3
Oct. 7	3,400-0	1,998-1	207-2	5,445-3
" 14	3,260-0	2,003-4	208-7	5,472-2
" 21	3,270-0	1,997-8	183-1	5,450-9
" 28	3,280-0	2,003-2	211-5	5,494-8
Nov. 4	3,280-0	2,063-7	201-1	5,545-5
" 11	3,290-0	1,990-7	216-9	5,497-6

Money and Exchanges

THE MONEY MARKET

THE rapid fall in the Treasury bill rate, amounting to 1½ per cent over the previous six weeks, came to a halt at last Friday's bill tender; the syndicate of discount houses maintained its bid at £98 12s. 11d. for the £230 million of 91-day bills on offer and the average rate of discount fell by only 0.61d. to £5 8s. 5.49d. per cent. This check was not unexpected following the vigorous use of Bank rate in the money market immediately after its reduction to 6 per cent. The market's allotment of 91-day bills was only 44 per cent; its allotment of 63-day bills was 70 per cent against last week's 90 per cent.

Before last week's tender, the market was forced to borrow from the Bank of England on four occasions: this week the market has been forced into the Bank only once. Credit has been tight throughout the week, but on three days the market was given large special help from the authorities through purchases of bills. The rate for day-to-day loans has remained around 5½ per cent—only 3/64 per cent below the current bill rate.

In New York the three month bill rate rose sharply this week from 2.349 per cent to 2.516 per cent.

MONEY RATES

LONDON		NEW YORK	
Bank rate (from %)	Discount rates %	Official Discount %	Treasury bills %
6½ (2/11/61) ... 6	(Wednesday):	(from 3½, 11/8/60) 3	Nov. 6 ... 2.349
Deposit rates	Bank bills:		" 13 ... 2.516
(7 days' notice):	60 days ... 5½-5½½		
Banks ... 4	3 months ... 5½-5½½		
Discount houses ... 4½	4 months ... 5½-5½½		
Local Authorities ... 6½	6 months ... 5½-5½½		
Call money:	Fine trade bills:		
Clearing banks' ... 4½	3 months ... 6½-7½		
minimum ... 4½	4 months ... 6½-7½		
Day-to-day ... 4½-5½	6 months ... 7-8		

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

Effective Limits	Market Rates: Spot					
	November 15	November 9	November 10	November 11	November 13	November 14
United States \$	2-78-2 82*	2-817-16-916	2-817-16-916	2-817-16-916	2-817-16-916	2-817-16-916
Canadian \$	13-622-14-027	2-909-16-116	2-909-16-116	2-909-16-116	2-909-16-116	2-909-16-116
French Fr.	11-94-12-547	13-811-82	13-811-82	13-811-82	13-811-82	13-811-82
Swiss Fr.	137-96	12-163-17	12-171-17	12-171-17	12-171-17	12-171-17
Belgian Fr.	142-05	140-07½	140-07½	140-07½	140-07½	140-07½
Dutch Gld.	9-98½-10-28½	10-137-14	10-137-14	10-137-14	10-137-14	10-137-14
W. Ger. D-Mk.	11-037-11-365	11-263-27	11-263-27	11-263-27	11-263-27	11-263-27
Portug. Esc.	1725-1775	80-17-27	80-17-27	80-17-27	80-17-27	80-17-27
Italian Lire	14-27½-14-70	1746½-47	1746½-47	1746½-47	1746½-47	1746½-47
Swedish Kr.	19-06½-19-62	14-56½-56½	14-56½-56½	14-56½-56½	14-56½-56½	14-56½-56½
Danish Kr.	19-71-20-30½	19-387-39½	19-387-39½	19-387-39½	19-387-39½	19-387-39½
Norwegian Kr.	20-04½-38	20-04½-38	20-04½-38	20-04½-38	20-04½-38	20-04½-38
* Official Limits						
One Month Forward Rates						
United States \$	13½-11½c. pm	13½-11½c. pm	13½-11½c. pm	13½-11½c. pm	13½-11½c. pm	13½-11½c. pm
Canadian \$	1-1½c. pm	1-1½c. pm	1-1½c. pm	1-1½c. pm	1-1½c. pm	1-1½c. pm
French Fr.	23½-21½c. pm	23½-21½c. pm	23½-21½c. pm	23½-21½c. pm	23½-21½c. pm	23½-21½c. pm
Swiss Fr.	41½-40c. pm	41½-40c. pm	41½-40c. pm	41½-40c. pm	41½-40c. pm	41½-40c. pm
Belgian Fr.	35-25c. pm	35-25c. pm	35-25c. pm	35-25c. pm	35-25c. pm	35-25c. pm
Dutch Gld.	3-2½c. pm	3-2½c. pm	3-2½c. pm	3-2½c. pm	3-2½c. pm	3-2½c. pm
W. German D-Mk.	4½-3½p. pm	4½-3½p. pm	4½-3½p. pm	4½-3½p. pm	4½-3½p. pm	4½-3½p. pm
Three Months Forward Rates						
United States \$	2-17½c. pm	2-17½c. pm	2-17½c. pm	2-17½c. pm	2-17½c. pm	2-17½c. pm
Canadian \$	25½-23½c. pm	25½-23½c. pm	25½-23½c. pm	25½-23½c. pm	25½-23½c. pm	25½-23½c. pm
Swiss Fr.	10½-10c. pm	10½-10c. pm	10½-10c. pm	10½-10c. pm	10½-10c. pm	10½-10c. pm
W. German D-Mk.	10½-9½p. pm	10½-9½p. pm	10½-9½p. pm	10½-9½p. pm	10½-9½p. pm	10½-9½p. pm
Gold Price at Fixing						
Price (s. d. per fine oz.)	250/11½	250/11½	250/11½	250/11½	250/11½	250/11½
" (\$)	35-19½	35-19½	35-19½	35-19½	35-19½	35-19½

Manpower and Output

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

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

BRITISH			
Prices and Wages.....	Oct. 21st	External Trade.....	Nov. 4th
Manpower and Output....	This week	Industrial Profits.....	Oct. 14th
OVERSEAS			
Western Europe.....	Sept. 30th	United States.....	Nov. 11th

	Unit	Mid-year or averages			1960			1961				
		1958	1959	1960	August	Sept.	October	June	July	August	Sept.	October
TOTAL MANPOWER												
June figures												
Working population:												
Total	'000s	24,070	24,145	24,436	24,625	24,656	24,691	24,590	24,664	24,757	24,778	
Men	"	16,160	16,137	16,239	16,344	16,355	16,354	16,283	16,321	16,364	16,365	...
Women	"	7,910	8,008	8,197	8,281	8,301	8,337	8,307	8,343	8,393	8,413	...
Armed Forces	"	614	565	518	513	513	511	474	469	464	464	...
Civil employment:												
Total	"	23,080	23,197	23,628	23,807	23,835	23,858	23,865	23,916	24,000	24,008	...
Manufacturing industries (1)	"	...	8,477	8,811	8,889	8,930	8,949	8,917	8,920	8,963	8,994	...
Manufacturing industries (old basis) (1)	"	9,147	9,169	...	...	...	...	...	...	...	...	...
Employees (1):												
in engineering (2)	"	...	3,545	3,740	3,768	3,780	3,795	3,799	3,797	3,818	...	...
in consumer goods industries (2)	"	...	3,102	3,154	3,183	3,223	3,200	3,170	3,175	3,192	...	...
UNEMPLOYMENT												
Monthly averages												
By duration:												
All durations—total	"	457.4	475.2	360.4	321.4	305.2	328.5	265.9	258.6	305.2	317.0	365.7
Temporary or under 2 weeks	"	141.0	120.8	89.8	81.1	83.2	99.6	67.8	69.3	80.5	104.2	130.4
Over 8 weeks	"	197.7	243.4	187.6	159.6	149.3	151.2	140.1	136.4	137.9	134.2	143.9
By regions (4):												
Great Britain	%	2.1	2.2	1.6	1.4	1.4	1.5	1.2	1.2	1.4	1.4	1.6
London and South Eastern	"	1.3	1.3	0.9	0.8	0.8	0.9	0.8	0.7	0.9	0.9	1.0
Eastern	"	1.7	1.5	1.3	1.0	1.0	1.1	0.8	0.7	0.9	0.9	1.2
Southern (5)	"	1.6	1.6	1.7	1.3	1.3	1.5	1.1	1.0	1.2	1.2	1.5
South Western (5)	"	2.2	2.2	1.7	1.3	1.3	1.5	1.1	1.0	1.2	1.2	1.5
Midland	"	1.6	1.5	1.0	1.0	0.8	0.9	0.8	0.9	1.1	1.4	1.7
North Midland	"	1.6	1.5	1.1	1.0	0.9	0.9	0.8	0.7	0.9	0.9	1.0
East and West Ridings	"	1.9	1.9	1.2	1.1	1.0	1.0	0.8	0.8	0.9	1.0	1.1
North Western	"	2.7	2.8	1.9	1.8	1.7	1.7	1.4	1.3	1.6	1.7	1.7
Northern	"	2.4	3.3	2.8	2.5	2.4	2.5	2.0	1.9	2.3	2.3	2.5
Scotland	"	3.8	4.4	3.6	3.1	3.0	3.3	2.8	2.7	2.9	2.8	3.0
Wales	"	3.8	3.8	2.7	2.5	2.4	2.4	2.1	1.9	2.1	2.2	3.5
VACANCIES												
Unfilled vacancies notified to employment exchanges: Total	'000s	198	224	314	356	337	324	383	396	359	328	289
INDUSTRIAL PRODUCTION												
Index:												
All industries	1954=100	106	113	120	104	123	127	127	118	102	...	...
Seasonally adjusted	"	94	92	89	72	90	94	91	80	66	...	...
Mining and quarrying	"	105	111	118	116	...	121	126	...	...	...	...
Construction	"	119	123	133	109	123	136	121	114	111	...	...
Gas, electricity and water	"	107	114	123	105	127	131	131	121	101	...	...
Manufacturing, total	"	...	...	...	124	123	123	127	127	126	...	...
Seasonally adjusted	"	111	118	127	104	130	135	148	134	106	...	...
Engineering and electrical goods	"	109	101	92	89	90	89	90	88	90	...	...
Shipbuilding	"	118	131	139	112	137	133	147	139	97	...	...
Vehicles	"	115	131	145	135	151	151	154	145	...	...	...
Chemical trades	"	91	98	102	83	111	115	101	97	82	...	...
Textiles, leather and clothing	"	...	...	...	...	...	...	...	...	...	...	...
BASIC MATERIALS												
M/W averages												
Production of:												
Coal (7) (8)	W '000 tons	4,150	3,963	3,725	2,951	3,702	3,880	3,792	3,275	2,732	3,708	3,940
Pig iron	W	245	242	303	291	306	314	297	277	265	261	248
Steel, ingots and castings	W	369	388	467	423	481	497	447	380	338	400	382
Sulphuric acid	M	186.8	202.3	225.1	215.1	229.6	233.3	221.7	221.0	203.9	208.3	...
Newsprint	W	11.81	12.87	14.25	12.65	14.91	15.09	14.74	11.06	11.45	13.06	...
Electricity (7) (11)	M mn. kwh	8,208	8,764	9,904	7,992	9,044	10,448	8,817	8,515	8,306	9,148	...
MANUFACTURING												
Textile production:												
Cotton yarn, single	W mn. lb.	14.77	14.58	14.44	12.70	14.55	15.52	12.08	11.77	12.40	12.41	...
Worsted yarn (9)	M	17.18	19.34	20.40	16.26	21.85	22.16	22.38	19.78	14.96	21.70	...
Rayon and synthetic fibres	M	35.2	42.9	49.3	43.2	48.5	50.2	49.3	50.8	42.0	45.4	...
Cotton cloth, woven	W mn. yds.	27.0	25.7	24.9	24.3	24.5	26.9	25.7	16.1	23.1	23.0	...
Wool fabrics, woven (4)	M mn. sq. yds.	29.1	30.4	30.6	24.5	34.4	32.9	32.8	29.5	23.3	31.1	...
Engineering production:												
Passenger cars and chassis	W '000s	19.84	22.88	26.01	21.45	26.35	22.58	23.19	24.58	11.49	20.18	...
Commercial vehicles and chassis	W	5.90	7.13	8.81	7.23	9.33	8.97	9.61	9.30	5.36	9.00	...
Internal combustion engines	M '000 BHP	378	468	577	507	567	576	645	547	...	...	...
Metal-working machine tools	M £'000	6,993	6,564	7,911	6,794	8,721	8,094	10,310	9,944	7,309	...	...
BUILDING ACTIVITY (10)												
Permanent houses completed:												
Total	M '000s	20.13	20.78	22.44	22.22	23.64	24.35	24.38	22.16	21.92	22.36	...
For local housing authorities	M	9.43	8.29	8.60	7.71	8.59	8.63	8.39	7.47	6.98	7.01	...

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

Unilever

ACCOUNTANTS FOR ORGANISATION DIVISION

Unilever invites applications from qualified accountants wishing to combine the interest and variety of consultancy work with the scope offered by one of the world's largest groups of operating companies.

The posts are located in a Head Office division providing advice, and implementation of recommendations, in the wide and growing range of industries which Unilever covers round the world. Most of the immediate assignments will be in the London area or in the North of England, but opportunities will arise later for overseas responsibilities if desired.

We are looking either for Chartered Accountants, who preferably also have a degree in Economics, or for Cost Accountants, preferably with experience in Work Study.

Two levels of post are available—for men aged 32-45, already earning around £2,500, and for men aged 28-35, who are already earning at least £1,500. The younger men must have the potential to fill the more senior posts after suitable training.

Applications, giving relevant details of age, experience, salaries earned, etc., should be addressed to:—

Organisation Division (ref. C. 582/7),
Unilever House, Blackfriars, London,
E.C.4.

All applications will be treated in strict confidence and interviews will be arranged in London or the North.

STATISTICIANS

THE UNITED NATIONS

needs statisticians to fill vacancies at New York Headquarters and Regional Economic Commissions. They will be expected to conduct research and prepare statistical tables or reports in one or more of the following fields: external trade statistics; transport statistics; price statistics; employment, unemployment and wage statistics; production and consumption statistics; social statistics; vital statistics; population statistics; national accounts statistics; and other appropriate fields.

Qualifications required are university degree or equivalent in statistics or in economics or mathematics (allied with statistics); one or more years of graduate work or of practical experience, and fluency in English or French, preferably with a working knowledge of the other.

Salary, depending on qualifications and experience, from \$4,800 to \$7,300 net per year, free of tax, plus cost of living allowance ranging from \$935 to \$2,100; plus dependency allowance, if applicable, and other benefits. In recruitment for the above vacancies, preference will be given to nationals of member states of the United Nations which are not, or are inadequately, represented in the Secretariat.

Applications should be sent to the
Recruitment Services (Room 3646),
Office of Personnel,
UNITED NATIONS, NEW YORK.

AREA POLITICAL EDUCATION OFFICER
required for political party organisation. Applicants should be University graduates, preferably between 25 and 45. Commencing salary according to experience and qualifications, not less than £750.—Write to: Conservative Political Centre, 32 Smith Square, London, S.W.1.

For further appointments and other classified advertisements see pages 705 and 714

TRAINEE SALESMAN required in the training provided with a view to being an assistant to the Sales Director and eventually taking over an area. He must be well educated, well groomed and ambitious. All replies will be acknowledged. Factory situated in the north with pleasant surroundings.—Apply to Managing Director, Box 507, Robertson & Scott, 42 Charlotte Square, Edinburgh.

ACCOUNTANT

J. & P. COATS, LIMITED, world-wide manufacturers and distributors of sewing threads, have a vacancy in the overseas financial control department of their Head Office in Glasgow, for a qualified Accountant not over 30, preferably with some years of post-qualifying commercial experience. The appointment is likely to lead later to an overseas posting and applicants must be prepared to take up residence in any country where the Company operates. Applications, in writing, to the Personnel Manager, 155 St. Vincent Street, Glasgow, C.2, should give personal particulars and work experience. Full details of the appointment will be given to those asked to attend an interview for which expenses will be refunded.

UNIVERSITY OF HULL

Applications are invited for the appointment of **SENIOR LECTURER IN OPERATIONAL RESEARCH FOR MANAGEMENT** to take charge of courses to be offered for a new one-year post-graduate Diploma in this subject, commencing October, 1962. Candidates should have a good Honours degree in Economics (Statistical Theory), Mathematics (Statistics) or Statistics and appropriate practical experience in industry. Appointment is available from August/September, 1962, to allow time for organising courses. Salary scale £1,650-£2,175 p.a. with placing according to qualifications and experience. F.S.S.U. benefits and children's allowances. Further particulars may be obtained from the undersigned, to whom applications (seven copies) and the names of three referees should be sent not later than December 18, 1961.

W. D. CRAIG,
Registrar.

RESEARCH IN ECONOMICS AND FINANCE

HOUBLON-NORMAN AWARDS

The Trustees of the Houblon-Norman Fund invite applications for **FELLOWSHIPS OR GRANTS** in aid of research into the working of industry and finance in Great Britain and elsewhere, and the economic conditions affecting them. Fellowships, which are intended for experienced research workers, are awarded for full-time research for one year, which may be renewed for a second year. Grants are awarded for either full-time or part-time work. The amount of the awards, which will take effect from October 1, 1962, will depend upon the circumstances of the candidate and the probable expenses of his work. Applicants must be British subjects normally resident in the United Kingdom. The Trustees are prepared to relax this rule only in exceptional circumstances. Forms of application, which may be obtained from the Secretary of the Fund, c/o Bank of England, London, E.C.2, should be returned not later than March 1, 1962.

FEDERATION OF RHODESIA AND NYASALAND MINISTRY OF AGRICULTURE

VACANCIES FOR AGRICULTURAL ECONOMISTS

Applicants must hold a degree in either Agricultural Economics, Economics or Commerce, or hold a similar degree and have experience in the field of Agricultural Economics.

Commencing salary, depending on qualifications and experience: £752 10s. to £1,773 15s. per annum.

Family passages, pensions, medical aid, holiday grants, generous sick and occasional leave, advanced travelling and field allowances, low income tax, good schools (free tuition), opportunities for sport and recreation in excellent climate.

Application forms and further details from the Secretary (B), Rhodesia House, 429 Strand, London, W.C.2.

Closing date, December 7, 1961.

CENTRAL OFFICE OF INFORMATION requires a **SENIOR INFORMATION OFFICER** (unestablished) to act as head of a small unit writing reference information papers for overseas use on British home affairs (other than economic affairs), mainly on governmental and social topics. Candidates should have a university degree, a wide knowledge of current affairs, research experience and some administrative capacity; they should be able to present factual information concisely and accurately and be prepared to submit examples of written work. Salary £1,574-£1,937.—Write, giving age, full details of experience and qualifications, to Manager (HE.977), Ministry of Labour, Professional & Executive Register, Atlantic House, Farringdon Street, London, E.C.4.

UNIVERSITY OF NOTTINGHAM

DEPARTMENT OF INDUSTRIAL ECONOMICS

Applications are invited for a **LECTURESHIP OR ASSISTANT LECTURESHIP** in Industrial Economics, with special reference to Accounting. Salary scales: Lecturer, £1,050 to £1,850; Assistant Lecturer, £800 to £950. Initial salary according to qualifications and experience, plus membership of the Universities Superannuation Scheme and children's allowances. Conditions of appointment and form of application to be returned by December 9, 1961, to the Registrar.

ASSISTANT TO QUALITY CONTROL DIRECTOR

Required for Star Paper Mills Ltd. The position calls for an individual with experience of the application of statistical techniques in the process industries. The appointment will be a new one in the Company and offers an excellent opportunity.

Salary will take account of the qualifications and experience of the successful applicant.

The Company operates a Pension Scheme and the full cost of removal will be met.

Applications, giving full details of background and experience should be addressed to the

Managing Director,
STAR PAPER MILLS LTD.,

CHARTERED ACCOUNTANT

required by

THE BRITISH ALUMINIUM CO. LTD.

as INTERNAL AUDITOR for the Company's factories and branch offices in England and Wales.

Considerable travelling is involved, and the ideal base is the Midlands area where a car would be provided.

After some years, there is every possibility of promotion to a static position in the Group.

A single man aged 25 to 30 years would probably be most suitable. Some industrial experience an advantage, but not essential. Salary according to age and experience, but not less than £1,000 per annum.

Applications should be sent to:-

The Group Chief Accountant,
THE BRITISH ALUMINIUM CO. LTD.,
Norfolk House,
St. James's Square, LONDON, S.W.1.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of **INVESTIGATIONAL OFFICER** in the DEPARTMENT OF AGRICULTURAL ECONOMICS. Candidates should have academic qualifications and/or practical experience in Agriculture, Economics or Accountancy. Salary scale £650 x £275 to £750 x £350, with membership of the F.S.S.U. and Children's Allowance Scheme. Graduates would have an initial salary of £725 per annum. Investigational officers may be considered for reaching a salary of £800 per annum for promotion to the grade of Senior Investigational Officer (salary scale £950 x £350 to £1,100 x £450). Applications should be sent not later than Monday, November 20, 1961, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

ROTHMANS FELLOWSHIPS

Rothmans of Pall Mall (Australia) Limited have set up the Rothmans University Endowment Fund to encourage higher education and research for the benefit of the Australian national welfare. The Fund is administered in the University of Sydney by Trustees on behalf of all Australian Universities.

The Trustees have agreed to establish Rothmans Fellowships at Senior and Junior levels to enable Fellows to undertake post-graduate work within a University or approved institution. The Senior Fellowship is of annual value of not more than £A4,000. The Junior Fellowship is in two grades, the first of an annual value of from £A1,000 to £A1,250, the second of an annual value of not more than £A2,500. At the discretion of the Trustees, a Fellow may be paid travelling expenses incurred in taking up the Fellowship and returning to his home.

In addition, an amount of £A500 per annum is available, at the discretion of the Trustees, to the University of institution where the fellow is working for the payment of fees and expenses including the purchase and maintenance of equipment.

The Fellowships are open to graduates of any University but may be held at other than an Australian University only by a graduate of an Australian University. Preference in the award of the Fellowships will be given to graduates who desire to work in an Australian University. Application forms and further details may be obtained from the Secretary, Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1.

Applications close on December 31, 1961.

UNIVERSITY COLLEGE OF NORTH STAFFORDSHIRE

Applications are invited from Honours Graduates in Economics for a **RESEARCH ASSISTANTSHIP** in Department of Economics. Research experience is desirable but not essential. Salary from £600.—Further particulars and application forms may be obtained from the Registrar, The College, Keele, Staffs., to whom they should be returned not later than December 15, 1961.

A CLERICAL ASSISTANT

required

for Statistical Department in the tanker section of a major Oil Company in West End. The duties include the maintenance and analysis of records and the preparation of data for punched card records. Accuracy and attention to detail are essential. Minimum age 21, preferably with at least ordinary level G.C.E. passes in English, Geography and Mathematical subjects. The position might suit an older person of the requisite background and aptitude.

Permanent, pensionable post, excellent working conditions. Luncheon Vouchers.

Please apply to Box No. 4379 c/o Charles Barker & Sons Limited, 20 Cannon Street, London, E.C.4.

PERSONAL ASSISTANT required by R. E. Walpole, Director of Market Investigations Ltd., one of the leading companies in the Market Research field, operating in this country and overseas. Applicants should be graduates in Economics, statistics or related subjects, but previous experience in Market Research is not essential. The successful candidate will be required to do a wide variety of work in the first two years which will qualify him for a Senior appointment within the company. Starting salary £800-£850 per annum with substantial six-monthly bonuses. Reply, in confidence, to R. E. Walpole, 1 and 2 Berners Street, London, W.1.

ELLIOTT-AUTOMATION

The largest group of companies in Europe specialising in instrumentation, control and automation, wishes to appoint an experienced

ECONOMIST

based on its offices in the West End of London. The successful candidate will be required to engage in economic and statistical research ranging over a wide field.

A good statistical background is essential and preference will be given to one having held a similar post in related industry.

This is a new post and offers exceptional opportunities.

Please write in first instance, giving full details of qualifications, experience and stating present salary to:

Chief Personnel Executive,
70, Dudden Hill Lane, N.W.10.

UNIVERSITY COLLEGE IBADAN, NIGERIA

Applications are invited from honours graduates for three posts of (a) **TUTOR** or (b) **ASSISTANT TUTOR** in Extra-Mural Studies, one to work in Eastern Nigeria, one in Northern Nigeria and one to be in charge of Industrial Relations Programme in Ibadan. Appointments to commence as soon as possible. Salary scales: (a) £1,200 x £75-£1,650 (bar); £1,725 x £75-£2,175 p.a.; (b) £950 x £50-£1,100 p.a. (or if over 28 or holding a higher degree £1,050 x £50-£1,150 p.a.). Passages paid for appointee, wife and up to five children under 11 years, on appointment, overseas leave and termination. Part-furnished accommodation at rent not exceeding 7.7 per cent. of salary. Children's, car and outfit allowances. F.S.S.U. Detailed applications (six copies) naming three referees by December 22, 1961, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

NUFFIELD COLLEGE (OXFORD)**RESEARCH FELLOWSHIP**

Applications are invited from **MEN OR WOMEN GRADUATES** who wish to undertake research in Economics, Politics, Sociology, recent Economic and Social History and Political History, Industrial Relations, African Studies, Public and Social Administration, International and Public Law or other branches of the Social Studies. The appointment will normally be for two or three years. The stipend will be according to age.

Further particulars may be obtained from the Warden. Applications should reach him not later than January 8, 1962.

UNIVERSITY OF TASMANIA

Applications are invited for the following appointment:-

LECTURESHIP IN ECONOMICS

Candidates are asked to state fully their special interests and experience within the general field of Economics. Preference will be given to candidates with particular interests in the fields of international trade or economic development, but candidates specialising in other fields will be considered. Although not essential, subsidiary qualifications or experience in Economic Statistics would be an advantage. The salary scales for Lecturers are: Grade 11, £A1,650-£A1,950, and Grade 1, £A2,050-£A2,450. Appointment will be offered to either of these grades according to qualifications and experience.

Further particulars and information as to the procedure for application may be obtained from the Honorary Association of Universities of the British Commonwealth (Branch Office), Marlborough House, Pall Mall, London, S.W.1. Applications in Australia and London on December 17, 1961.

STATISTICIANS. At least seven posts (six under F.S.S.U.) in the London area for men or women at least 28 on 1.12.61 with wide statistical experience and (normally) first or second class honours degree in statistics, or other appropriate main subject combined with statistics. Other graduates with specially suitable statistical experience considered. Salary may be above minimum. Promotion prospects. Write Civil Service Commission, Burlington Gardens, London, W.1, for application form, quoting 5409/61. Closing date December 11, 1961.

NORTH WESTERN GAS BOARD HEAD OFFICE, MANCHESTER ASSISTANT ECONOMIST

Applications are invited for the above pensionable appointment in the Statistics Department, at a commencing salary within the range £770-£1,015 per annum according to qualifications and experience.

Candidates should preferably be not more than 27 years of age and must hold an appropriate graduate or equivalent qualification. Preference will be given to Honours graduates in Economics combined with Accountancy.

The Assistant Economist will be concerned with cost and price studies within the business and with the analysis of economic trends, as they affect the gas industry. The work offers ample scope for initiative in the application of the economist's approach to the solution of business problems.

Detailed applications, giving the names of two referees, should be forwarded to the Secretary, North Western Gas Board, Bridgewater House, 60 Whitworth Street, Manchester, 1.

For further appointments and other classified advertisements see pages 705 and 713

THE ROYAL COLLEGE NAIROBI

Applications are invited for the Chair of Economics. Salary £3,000 p.a. (F.S.S.U. Child allowance £50 p.a. per child (max. £150 p.a.). Passages for appointee and family (up to four adult passengers) on appointment, termination and leave (once every two years). Rent according to quarters provided £60-£114 p.a. Medical applications (eight copies) naming three referees by December 31, 1961, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.



'Come in please, mummy says'

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Applications are invited
for the vacancy of

ECONOMIST

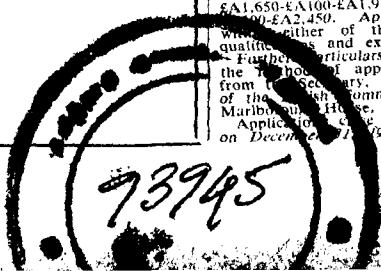
at our Fawley Refinery

who will be required to work in the Accounting Department as a member of the management accounting team. He will study methods of handling and interpreting data, and the best methods of statistical analysis for management reporting.

Applicants should preferably be between 25 and 30 years of age, and should hold a degree in Economics with a qualification in Statistics.

Application forms can be obtained from:-

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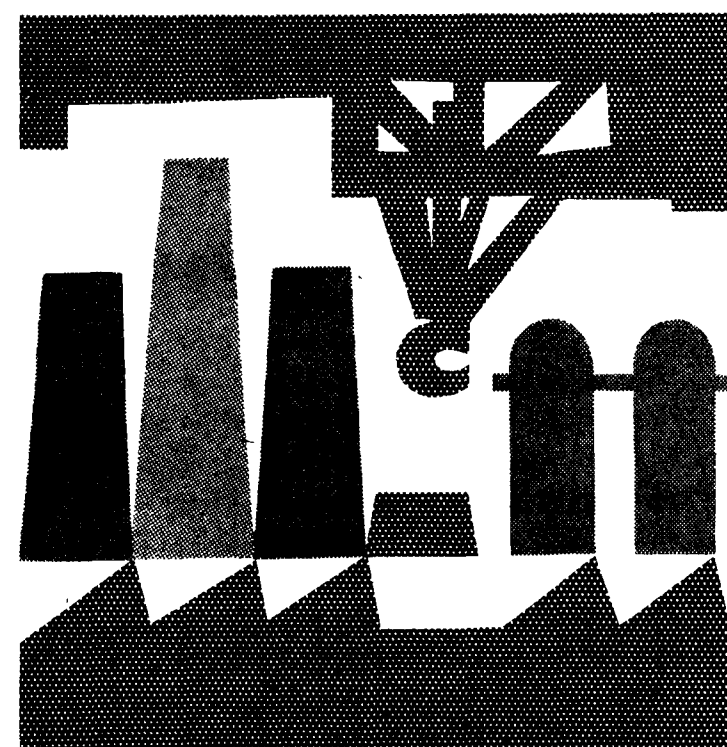
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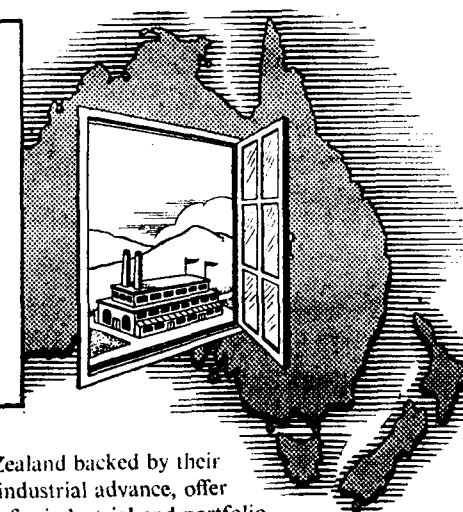
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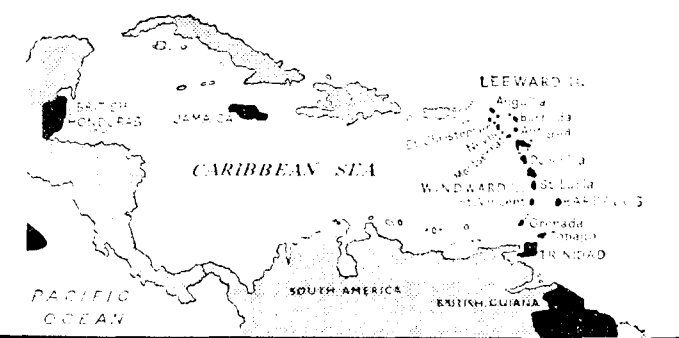
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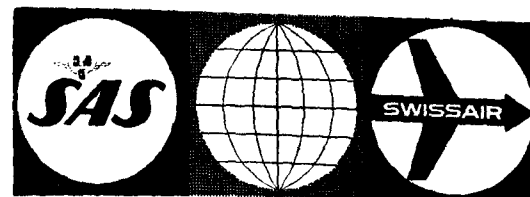
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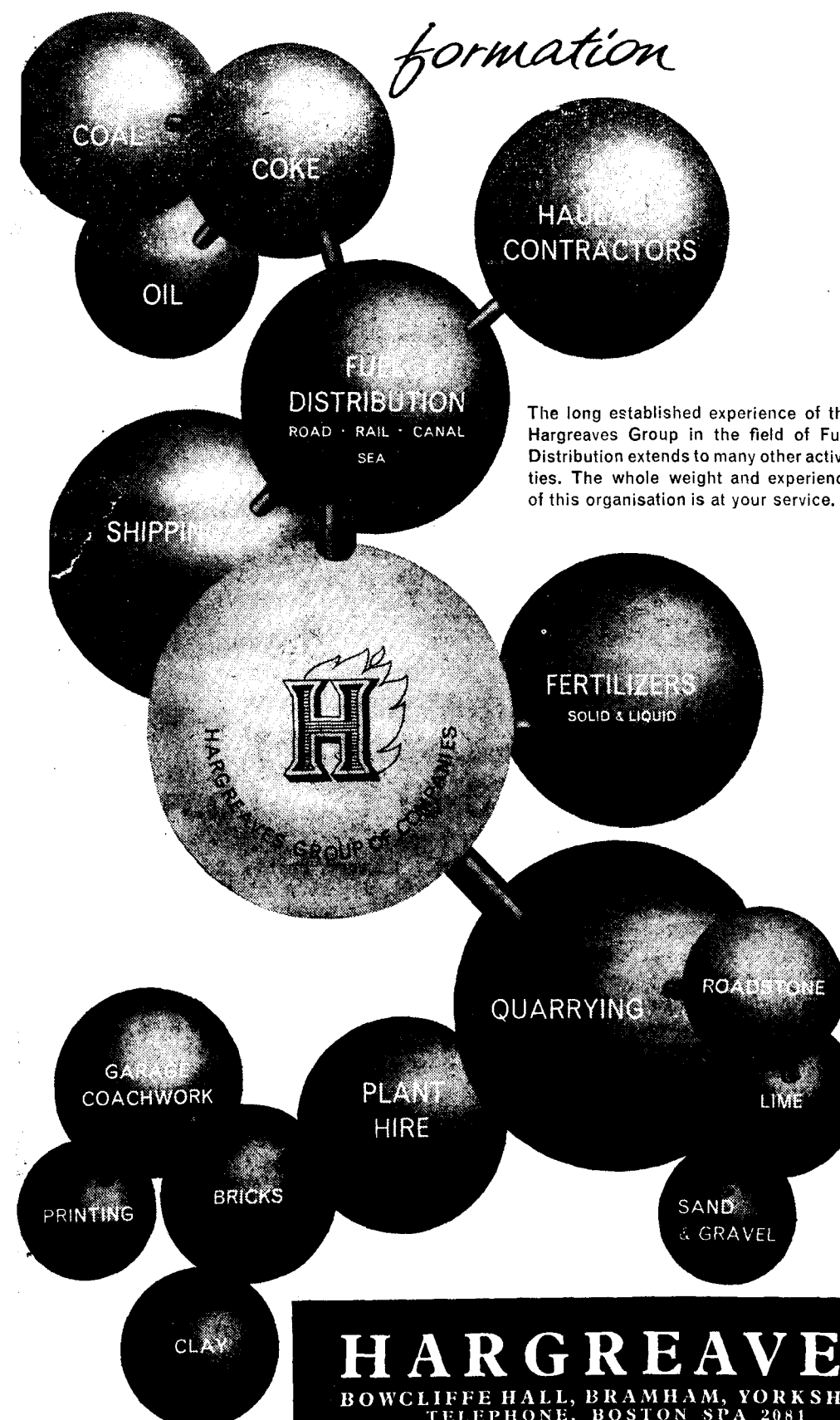
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